

THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

COMUNIDAD KENSINGTON CLUB I,
LLC, BY ITS MEMBER, COMUNIDAD
CORPORATION, MIKOB
PROPERTIES, INC. and KENSINGTON
CLUB APARTMENTS, LTD. BY ITS
GENERAL PARTNER, KENSINGTON
GREEN (AK), INC.,

Plaintiffs,

V.

LEXINGTON INSURANCE COMPANY
AND CUNNINGHAM LINDSEY U.S.,
INC.,

Defendants.

CIVIL ACTION NO.: 4:11-cv-1783

DEFENDANT IRONSHORE INSURANCE LTD.'S NOTICE OF REMOVAL

Pursuant to 28 U.S.C. §§ 1331 and 1446, 9 U.S.C. §§ 201 *et seq.*, including but not limited to § 205, Defendant Ironshore Insurance Ltd. (“Ironshore”), improperly named as Ironshore Insurance Services LLC a/k/a Ironshore Specialty Insurance Company,¹ hereby removes the action styled and numbered *Comunidad Kensington Club I, LLC, by Its Member, Comunidad Corporation, Mikob Properties, Inc. & Kensington Club Apartments, Ltd. by Its General Partner, Kensington Green (AK), Inc. v. Lexington Insurance Company and Cunningham Lindsey U.S., Inc.*, Cause No. 2009-81987 (the “State Court Action”), currently pending in the 61st District Court of Harris County, Texas to the United States District Court for the Southern District of Texas, Houston Division. For the reasons set forth below, removal of

¹ See Pl. Fourth Amended Pet. (Attached as Exhibit Q, App. p. 150).

the State Court Action is proper under 9 U.S.C. § 202, 9 U.S.C. § 205, and 28 U.S.C. §§ 1331 and 1446.

I. **INTRODUCTION**

1. The State Court Action is a civil action currently pending against Lexington Insurance Company, Max Specialty Insurance Company, Essex Insurance Company, Cunningham Lindsey U.S. Inc., Southwest Risk, L.P., Arthur J. Gallagher Risk Management Services, Inc., Kevin Gregory, Ironshore, Steadfast Insurance Company, and Homeland Insurance Company of New York (collectively, “Defendants”).²

2. In Plaintiffs’ Fourth Amended Petition, Plaintiffs seek a judgment declaring that Ironshore is obligated to indemnify Plaintiffs under Policy No. 001830801001 (the “Ironshore Policy”) for damages that Plaintiffs allegedly incurred relating to Hurricane Ike.³ Plaintiffs also seek policy benefits, statutory damages, treble damages, exemplary damages, interest, attorneys’ fees, and costs of suit stemming from the coverage dispute between Plaintiffs and Ironshore.⁴ A jury demand was made by Plaintiffs in their Fourth Amended Petition.⁵

3. Plaintiffs’ Fourth Amended Petition was filed on April 11, 2011. Therefore, this Notice of Removal is timely filed under 28 U.S.C. § 1446(b). Moreover, under 9 U.S.C. § 205, a case filed in state court that relates to an arbitration agreement or award falling under the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “Convention”)

² See Pl. Fourth Amended Pet. (Attached as Exhibit Q, App. p. 150).

³ Pl. Fourth Amended Pet. ¶¶ 31, 42 (Attached as Exhibit Q, App. pp. 154-55, 156-57).

⁴ See Pl. Fourth Amended Pet. (Attached as Exhibit Q, App. p. 164).

⁵ Pl. Fourth Amended Pet., ¶ 62 (Attached as Exhibit Q, App. p. 164).

can be removed “at any time before the trial thereof.”⁶ Accordingly, removal of this matter is timely.

4. All Defendants consent to the removal of this action.⁷

5. Under 9 U.S.C. § 205, venue of the removed action is proper in this Court as the district and division embracing the place where the State Court Action is pending.

II. PARTIES

6. “Plaintiffs are Texas Corporations doing business in Harris County, Texas.”⁸ Plaintiffs are citizens of the United States for purposes of the Convention.⁹

7. Ironshore is a corporation organized under the laws of Bermuda with its principal place of business in Bermuda. Thus, Ironshore is a subject of Bermuda, a foreign state, for purposes of the Convention.¹⁰

III. BASIS FOR REMOVAL JURISDICTION

8. 9 U.S.C. § 205 authorizes the removal of any action or proceeding pending in the state court to federal court if the subject matter of the action or proceeding “relates to an arbitration agreement” falling under the Convention. An arbitration agreement falls under the Convention when it is not between citizens of the United States and it arises “out of a legal relationship, whether contractual or not, which is considered as commercial.”¹¹ A dispute “relates

⁶ 9 U.S.C. § 205.

⁷ Defendants’ Consent to Removal (Attached as Exhibit W, App. pp. 228-240).

⁸ Pl. Fourth Amended Pet. ¶ 2 (Attached as Exhibit Q, App. p. 151).

⁹ 9 U.S.C. § 202.

¹⁰ 9 U.S.C. § 202.

¹¹ 9 U.S.C. § 202. *See also Beiser v. Weyler*, 284 F.3d 665, 666 (5th Cir. 2005).

to” an arbitration for the purposes of 9 U.S.C. § 202 “whenever an arbitration agreement falling under the Convention could *conceivably* affect the outcome of the plaintiff’s case.”¹² The Fifth Circuit has specifically held that coverage disputes between an insured and its insurer “relate to” arbitration clauses found within insurance policies for 9 U.S.C. § 202 purposes.¹³

9. Here, removal is proper because the Ironshore Policy contains an arbitration agreement that falls under the Convention and the State Court Action is a dispute that relates to the arbitration agreement. The Arbitration and Choice of Law Clause (the “Arbitration Clause”) in the Ironshore Policy states in pertinent part:

Any dispute, controversy or claim arising out of or relating to this policy or the breach, termination or invalidity thereof shall be finally and fully determined in London, England under the provision of the Arbitration Act 1996 (“Act”) and/or any statutory modifications or amendments thereto, for the time being in force, by a Board composed of three arbitrators. Each arbitrator shall be an active Queens Counsel or retired English judge familiar with insurance with the Act. All matters relating to the existence of the agreement to arbitrate and the selection of arbitrators shall be determined under the law of England and Wales.¹⁴

10. In the present case, the Arbitration Clause arises out of a commercial contract of insurance between Plaintiffs, which are all American entities, and Defendant Ironshore, a Bermudian entity, which is not a citizen of the United States but the subject of a foreign state. Moreover, the Arbitration Clause mandates arbitration to resolve “[a]ny dispute, controversy, or claim arising out of or relating to” the Ironshore Policy, and the situs of the arbitration is London, England, which is within the territory of a signatory state to the Convention. The United States, Great Britain, and Bermuda are all signatories to the Convention. Because the coverage

¹² *Beiser*, 284 F.3d at 669 (emphasis in original).

¹³ *Acosta v. Master Maint. & Constr. Inc.*, 452 F.3d 373, 378-79 (5th Cir. 2006).

¹⁴ Ironshore Policy No. 001830801001, Arbitration and Choice of Law Clause (Attached as Exhibit 1 to the Notice of Removal).

dispute that is the subject of the State Court Action relates to the Arbitration Clause in the Ironshore Policy that falls under the Convention, it arises under the laws and treatises of the United States. Therefore, this Court has original jurisdiction regardless of diversity of citizenship or amount in controversy, pursuant to 9 U.S.C. §§ 203 and 205 and 28 U.S.C. § 1331.¹⁵

IV.
COMPLIANCE WITH LOCAL RULE 81

11. Pursuant to Rule 81 of the Local Rules of the Southern District of Texas, Defendant Ironshore is filing this Notice of Removal, accompanied by the following exhibits:

- a. An index of all matters being filed, attached as Exhibit “A”;
- b. A Civil Cover Sheet, attached hereto as Exhibit “B”, and all fees have been paid;
- c. The docket sheet from the Clerk of the District Court of Harris County, attached as Exhibit “C”;
- d. Upon information and belief, all executed processes, attached as Exhibit “D”;
- e. Plaintiff’s Original Petition, attached as Exhibit “E”;
- f. Intervenor KCA Kimberly Lane, LLC’s Petition in Intervention, attached as Exhibit “F”;
- g. Defendant Cunningham Lindsey’s Original Answer and Special Exceptions, attached as Exhibit “G”;
- h. Defendant Lexington Insurance Company’s Original Answer, attached as Exhibit “H”;
- i. Plaintiffs’ First Amended Petition, attached as Exhibit “T”;
- j. Plaintiffs’ Second Amended Petition, attached as Exhibit “J”;
- k. Defendant Arthur J. Gallagher Risk Management Services Inc. and Kevin Gregory’s Original Answer and Special Exceptions, attached as Exhibit “K”;
- l. Plaintiffs’ Third Amended Petition, attached as Exhibit “L”;

¹⁵ See also *Beiser*, 284 F.3d at 669. (“[T]he district court will have jurisdiction under § 205 over just about any suit in which a defendant contends that an arbitration clause failing under the Convention provides a defense. As long as the defendant’s assertion is not completely absurd or impossible, it is at least conceivable that the arbitration clause will impact the disposition of the case. That is all that is required to meet the low bar of ‘relates to’”).

- m. Intervenor KCA Kimberly Lane, LLC's First Amended Petition in Intervention, attached as Exhibit "M";
- n. Defendant Southwest Risk, LP's Original Answer to Plaintiff's Third Amended Petition and Intervenor's First Amended Petition in Intervention, attached as Exhibit "N";
- o. Defendant Max Specialty Insurance Company n/k/a Alterra Specialty Insurance Company's Original Answer, attached as Exhibit "O";
- p. Defendant Arthur J. Gallagher Risk Management Services Inc. and Kevin Gregory's Original Answer to KCA Kimberly Lane, LLC's First Amended Petition in Intervention, attached as Exhibit "P";
- q. Plaintiffs' Fourth Amended Original Petition, attached as Exhibit "Q";
- r. Defendant Max Specialty Insurance Company n/k/a Alterra Specialty Insurance Company's Answer to Plaintiff's Fourth Amended Complaint. attached as Exhibit "R";
- s. Defendant Steadfast Insurance Company's Original Answer, attached as Exhibit "S";
- t. Defendant Essex Insurance Company's Special Exceptions and Original Answer to Plaintiffs' Fourth Amended Petition, attached as Exhibit "T";
- u. Defendant Homeland Insurance Company of New York's Original Answer, attached as Exhibit "U";
- v. Upon information and belief, all orders entered by the State Court as concerns this matter are attached hereto as Exhibit "V";
- w. Defendants' Consent to Removal is attached as Exhibit "W"; and
- x. A list of all counsel of record is attached as Exhibit "X".

V.
CONCLUSION

12. All pleadings, process, orders, and other filings in the State Court Action are attached to this notice as required by 8 U.S.C. § 1446(a).

13. Ironshore will promptly give Plaintiffs written notice of the filing of this Notice of Removal as required by 28 U.S.C. § 1446(d). Moreover, under 28 U.S.C. § 1446(d), Ironshore will also promptly file a copy of this Notice of Removal with the Clerk of the 61st

Judicial District Court of Harris County, Texas, where the State Court Action is currently pending.

WHEREFORE, Defendant Ironshore hereby gives notice of this removal from the District Court of Harris County to the United States District Court for the Southern District of Texas, Houston Division.

Respectfully submitted,

By: /s/ M. Anthony Parsons II

Michael Anthony Parsons II
Attorney-In-Charge
Texas Bar No. 00797208
Southern District of Texas Bar No. 20670

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**ATTORNEYS FOR DEFENDANT
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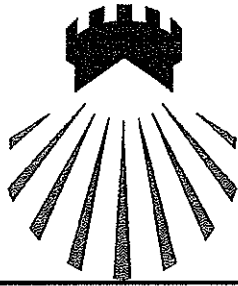
CERTIFICATE OF SERVICE

I hereby certify that on the 10th day of May, 2011, I electronically filed the foregoing with the Clerk of Court by using the CM/ECF system which will send a notice of electronic filing to all counsel of record.

/s/ M. Anthony Parsons II
Michael Anthony Parsons II

2130901v1

Exhibit 1




IRONSHORE
your safe harbour

Policy of Insurance

We, Ironshore Insurance Ltd., hereby agree, in consideration of the payment of the premium specified herein, to insure against loss damage liability or expense in the proportions and manner hereinafter provided.

If the Insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claim hereunder shall be forfeited.

In Witness whereof we, Ironshore Insurance Ltd., have subscribed our name hereto.

 11 January 2011

Company	Reference	Percentage
Ironshore Insurance Ltd	001830801001	50%

PARTICIPATION CLAUSE

This Insurance, being signed for 50% of 100% insures only that proportion of any loss, whether total or partial, including but not limited to that proportion of associated expenses, if any, to the extent and in the manner provided in this Insurance.



THE SCHEDULE

Policy Number: 001830801001

1. Name of Assured: Nations Asset Management, LP (CAT) and subsidiaries / other parties as described more fully in the policy of the Primary Insurers

2. Address of Assured: P.O. Box 25243, Dallas, Texas 75225-5243

3. Policy Period:

From: 1 April 2008

To: 1 April 2009

Both days at 12:01a.m. at the location of the property involved

4. Perils Insured: "All Risks" of direct physical loss or damage, as well as Business Interruption/Extra Expense, but excluding Earthquake and Flood

5. The Property or Interest: Real and Personal Property, Business Interruption as more fully defined in the Schedule of Values provided to Ironshore Insurance Ltd. with proposal details

6. The Property is located or contained at: as per the Schedule of Values provided to Ironshore Insurance Ltd. with proposal details

7. Premium: USD164,254 being Ironshore Insurance Ltd.'s 50% share of USD328,508 (including TRIA) and subject to quarterly adjustments.

Minimum earned premium 50% at inception.

8. (a) Primary Insurers: Lexington Insurance Company

(b) Underlying Excess Insurers: Max Specialty Insurance Co.

Essex Insurance Co.

9. Primary and Underlying Excess Limit(s): USD50,000,000 ultimate net loss each and every loss, subject to an aggregate limit of

USD10,000,000 any one policy year in respect of the peril of Flood, and



USD10,000,000 any one policy year in respect of the peril of Earthquake.

10. Excess Limit(s):

USD50,000,000 ultimate net loss each and every loss, subject to an aggregate limit of

(Excluded) any one policy year in respect of the peril of Flood, and

(Excluded) any one policy year in respect of the peril of Earthquake.

11. Identification Details and Limits carried under 8(a) and 8(b) above:

Policy Nos.

8(a) 3258064

8(b) MAX3XP0001364

ESP 5878

Limits

8(a) USD25,000,000

excess of applicable deductibles as per the Primary Insurer's Policy

8(b) USD15,000,000 excess of USD25,000,000

USD10,000,000 excess of USD40,000,000

12. Notification of Claims to:

newclaims@ironshore.com Shane Rozario, Ironshore Insurance Ltd., Suite 608, 12 Church Street, Hamilton HM 11, Bermuda

If Business Interruption or other Time Element coverage or Accounts Receivable, Royalty or Leasehold Insurance or similar coverage is afforded by this Insurance, Business Interruption Extension Endorsement LPO 349B (07/96), amended where applicable, must be attached hereto.

Dated in Bermuda: 11 January 2011



EXCESS PHYSICAL DAMAGE FORM

Nations Asset Management, LP (CAT)

1. INSURING CLAUSE

Subject to the limitations, terms and conditions contained in this Policy or added hereto, the Underwriters agree to indemnify the Assured named in the Schedule herein in respect of Direct Physical loss or damage to the property described in Item 5 of the Schedule, while located or contained as described in the Schedule, occurring during the period stated in the Schedule and caused by any of such perils as are set forth in Item 4 of the Schedule and which are also covered by and defined in the Policy/ies specified in the Schedule and issued by the "Primary Insurers" stated therein.

2. APPLICATION OF UNDERLYING PROVISIONS

In respect of the perils hereby insured against this Policy is subject to the same warranties, terms and conditions (except as regards the premium, the amount and Limits of Liability other than the deductible or self-insurance provision where applicable, and the renewal agreement, if any, AND EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or as may be added to the Policy/ies of the Primary Insurers prior to the happening of a loss for which claim is made hereunder and should any alteration be made in the premium for the Policy/ies of the Primary Insurers, then the premium hereon may be adjusted accordingly.

3. LIMIT

Provided always that liability attaches to the Underwriters only after the Primary and Underlying Excess Insurers have paid or have admitted liability for the full amount of their respective ultimate net loss liability as set forth in Item 9 of the Schedule and designated "Primary and Underlying Excess Limit(s)" and then the Limits of the Underwriters' Liability shall be those set forth in Item 10 of the Schedule under the designation "Excess Limit(s)" and the Underwriters shall be liable to pay the ultimate net loss up to the full amount of such "Excess Limit(s)".

4. MAINTENANCE OF PRIMARY AND UNDERLYING EXCESS POLICY/IES AND LIMITS

It is a condition precedent to recovery under this Policy that the Policy/ies and Limit(s) of the Primary and Underlying Excess Insurers set forth in Items 8 and 9 of the Schedule shall be maintained in full force and effect, except for any reduction or exhaustion of any underlying aggregate Limits of Liability contained therein, solely by the amount of loss(es) paid or admitted during the policy year. Only losses which, except for the amount thereof, would have been payable under this Policy may contribute to the satisfaction, reduction or exhaustion of underlying amounts and/or deductibles.

In the event of such reduction of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy shall pay excess over the reduced aggregate limit. In the event of exhaustion of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy, subject to all its provisions, shall continue in force as Primary Insurance in respect of the peril for which the aggregate Limit of Liability has been so exhausted and the deductible or self-insured amount applicable to that peril, as set forth in Item 11 of the Schedule, shall apply to this Policy.

5. UNCOLLECTIBILITY OF OTHER INSURANCE

Notwithstanding any of the terms of this Policy that might be construed otherwise, the insurance provided by this Policy shall always be excess over the maximum monetary limits set forth in Item 9 of the Schedule (reduced only by reduction of any underlying aggregate limits as provided for in Clause 4 herein) regardless of the uncollectibility (in whole or in part) of any underlying insured amounts for any reason, including, but not limited to, the financial impairment or insolvency of an underlying Insurer.



The risk of uncollectibility (in whole or in part) of other insurance, whether because of financial impairment or insolvency of an underlying or other insurer or for any other reason, is expressly retained by the Assured and is not in any way or under any circumstances insured or assumed by Underwriters.

6. DEFINITIONS

- (a) **Loss:** The word "loss" shall mean a loss or series of losses arising out of one event.
- (b) **Ultimate Net Loss:** The words "ultimate net loss" shall mean the loss sustained by the Assured as a result of the happening of the perils insured against by this Policy, limited by
 - (i) any sub-limits contained within this Policy or the Policy/ies of the Primary and/or Underlying Excess Insurers, and
 - (ii) making deductions for all salvages, recoveries and other insurances (other than recoveries under the Policy/ies of the Primary and Underlying Excess Insurers).
- (c) **Policy Year:** The words "policy year" shall be understood to mean a period of one calendar year commencing each year on the day and hour first named in Item 3 of the Schedule.

7. APPLICATION OF RECOVERIES

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Assured and the Underwriters, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Assured's ultimate net loss has been finally ascertained.

8. CANCELLATION

This Insurance may be cancelled by the Assured at any time by written notice or by surrender of this Policy. This Insurance may also be cancelled by or on behalf of the Underwriters by delivering to the Assured or by mailing to the Assured, by registered, certified or other first class mail, at the Assured's address as shown in this Insurance, written notice stating when, not less than one hundred and twenty (120) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Insurance shall terminate at the date and hour specified in such notice.

If this Insurance shall be cancelled by the Assured, the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis, the Underwriters shall receive the earned premium hereon, or the customary short rate proportion of any minimum premium stipulated herein, whichever is the greater.

If this Insurance shall be cancelled by or on behalf of the Underwriters, the Underwriters shall retain the pro rata proportion of the premium hereon, except that if this insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon, or the pro rata proportion of any minimum premium stipulated herein, whichever is the greater.

Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

9. NOTIFICATION OF CLAIMS

The Assured upon knowledge of any occurrence likely to give rise to a claim hereunder shall give immediate written advice thereof to the person(s) or firm named for the purpose in Item 12 of the Schedule.

06/96
LPO348B

11

BUSINESS INTERRUPTION EXTENSION

(For attachment to LPO348B)

It is understood and agreed that this Insurance extends to cover Business Interruption (as insured under the Policy/ies of the Primary and Underlying Excess Insurers) consequent upon the loss of or damage to the Property insured hereby.

The Primary and Underlying Excess Limit(s) and the Excess Limit(s) as set out in Items 9 and 10 of the Schedule are inclusive of Damage to Property and Business Interruption.

07/96
LPO349B

11

OCCURRENCE DEFINITION AMENDMENT TO LPO348B

It is hereby understood and agreed that the Policy is amended as follows:

1. Item 6 DEFINITIONS (a) of the Policy is deemed to be deleted and replaced by the following;

Occurrence: The words "per occurrence" shall mean a loss or series of losses arising out of one event.

2. The words "ultimate net loss each and every loss" in Item 9, Primary and Underlying Excess Limits, and Item 10, Excess Limits, in the Schedule, shall be deleted and replaced by the words "ultimate net loss per occurrence".

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

12/97
LSW677



IPT/FET/State Premium/Surplus Lines Tax Clauses in the Insurance Policies of Ironshore Insurance Ltd.

If the insurer is required under applicable law to collect and remit to a fiscal authority any IPT imposed on or with respect to the premium stated above, the insured shall pay an amount equal to such IPT to the insurer in addition to such premium. The insured will provide the insurer with such information as the insurer may reasonably request to determine whether any IPT is required with respect to the premium outlined above and the amount of any such IPT. However, if the insurer is unable to determine whether IPT must be collected and paid by it or the amount of any such IPT, or if the insurer does not receive the information that is required to make these determinations, the insured shall be solely responsible to the relevant fiscal authority for any such IPT and shall indemnify and fully reimburse the insurer on an after-tax basis for any such IPT.

If the insured or the insured's broker, rather than the insurer, is required under applicable law to remit to a fiscal authority any IPT imposed on or with respect to the premium outlined above, the insured or the insured's broker will remit the IPT to the fiscal authority and will file any associated IPT return. Any IPT paid by the insured or the insured's broker shall not be deducted from the premium stated above.

The insured shall indemnify and fully reimburse the insurer on an after-tax basis for any IPT imposed on or with respect to the premium outlined above for which (i) the insurer is required under applicable law to collect and remit to a fiscal authority or (ii) the insured or the insured's broker, rather than the insurer, is required under applicable law to remit to a fiscal authority.

A payment made to the insurer's representative shall be treated as having been made to the insurer. A payment made by the insured's broker shall be treated as having been made by the insured.

FET Clause

To the extent the premium outlined above is subject to United States Federal Excise Tax, the insured will be solely responsible for remitting the Tax to the United States Internal Revenue Service and for filing the United States Federal Excise Tax return. Any United States Federal Excise Tax paid by the insured hereby will be in addition to the premium stated above.

Definitions:

"IPT" means any Tax imposed upon or with respect to the amount of premium paid for insurance including for the avoidance of doubt any state premium or surplus lines taxes or fees.

"Tax" means any and all forms of taxes, duties, contributions, imposts, levies and charges, and all deductions or withholdings in respect of the same, of whatsoever nature and any interest, fine, penalty or addition to Tax relating to any of the above.

IRNS-0004

11

ASBESTOS ENDORSEMENT

- A. This Policy only insures asbestos physically incorporated in an insured building or structure, and then only that part of the asbestos which has been physically damaged during the period of insurance by one of these Listed Perils:

fire; explosion; lightning; windstorm; hail; direct impact of vehicle, aircraft or vessel; riot or civil commotion, vandalism or malicious mischief; or accidental discharge of fire protective equipment.

This coverage is subject to each of the following specific limitations:

1. The said building or structure must be insured under this Policy for damage by that Listed Peril.
 2. The Listed Peril must be the immediate, sole cause of the damage of the asbestos.
 3. The Assured must report to Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However, this Policy does not insure any such damage first reported to the Underwriters more than 12 (twelve) months after the expiration, or termination, of the period of insurance.
 4. Insurance under this Policy in respect of asbestos shall not include any sum relating to:
 - (i) any faults in the design, manufacture or installation of the asbestos;
 - (ii) asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.
- B. Except as set forth in the foregoing Section A, this Policy does not insure asbestos or any sum relating thereto.

14/09/2005
LMA5019
Form approved by Lloyd's Market Association



ELECTRONIC DATA ENDORSEMENT

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (b) However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils: Fire and Explosion.

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering or any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled

NMA2915



BIOLOGICAL OR CHEMICAL MATERIALS EXCLUSION CLAUSE

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

NMA2962

11

MICROORGANISM EXCLUSION (ABSOLUTE)

This Policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This Exclusion applies regardless whether there is (i) any physical loss or damage to insured property; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This Exclusion replaces and supersedes any provision in the Policy that provides insurance, in whole or in part, for these matters.

14/09/2005

LMA5018

Form approved by Lloyd's Market Association



**SEEPAGE & POLLUTION, LAND, AIR WATER EXCLUSION
& DEBRIS REMOVAL ENDORSEMENT**

LAND, WATER AND AIR EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

- (a) any loss, damage, cost or expense, or
- (b) any increase in insured loss, damage, cost or expense, or
- (c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

- (a) seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and
- (b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

DEBRIS REMOVAL ENDORSEMENT

THIS ENDORSEMENT CONTAINS PROVISIONS WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Endorsement shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy)

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which insures debris removal is cancelled and replaced by the following:

1. In the event of direct physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter referred to as "Damage or Destruction"), this Policy also insures, within the Sum Insured, subject to the limitations and method of calculation below, and to all the other terms and conditions of the Policy, costs or expenses;
 - (a) which are reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and
 - (b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.
2. In calculating the amount, if any, payable under this Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):
 - (a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the greater of US\$25,000 (twenty-five thousand dollars) or 10% (ten percent) of the amount of the Damage or Destruction from which such costs or expenses result; and
 - (b) the amount of such costs or expenses as limited in (a) above shall be added to:
 - (i) the amount of the Damage or Destruction; and
 - (ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sub-limit) of this Policy, shall be applied.

NMA2340

24/11/1988

11

ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE) CLAUSE

This policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

NMA2802 (17/12/97)

11

WAR AND TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

NMA2918
08/10/2001



ARBITRATION AND CHOICE OF LAW CLAUSE

ARBITRATION

1. Any dispute, controversy or claim arising out of or relating to this Policy or the breach, termination or invalidity thereof shall be finally and fully determined in London, England under the provisions of the Arbitration Act 1996 ("Act") and/or any statutory modifications or amendments thereto, for the time being in force, by a Board composed of three arbitrators. Each arbitrator shall be an active Queens Counsel or retired English judge familiar with insurance and with the Act. All matters relating to the existence of the agreement to arbitrate and the selection of arbitrators shall be determined under the laws of England and Wales. The arbitrator shall be selected for each controversy as follows:

Any party may, in the event of such a dispute, controversy or claim, notify the other party or parties to such dispute, controversy or claim of its desire to arbitrate the matter, and at the time of such notification the party desiring arbitration shall notify any other party or parties of the name of the arbitrator selected by it. The other party who has been so notified shall within thirty (30) calendar days thereafter select an arbitrator and notify the party desiring arbitration of the name of such second arbitrator. If the party notified of a desire for arbitration shall fail or refuse to nominate the second arbitrator within thirty (30) calendar days following the receipt of such notification, the party who first served notice of a desire to arbitrate will, within an additional period of thirty (30) calendar days, apply to a judge of the High Court of Justice of England and Wales for the appointment of a second arbitrator and in such a case the arbitrator appointed by such a judge shall be deemed to have been nominated by the party or parties who failed to select the second arbitrator. The two arbitrators, chosen as above provided, shall within thirty (30) calendar days after the appointment of the second arbitrator choose a third arbitrator, who shall be the chairman. In the event of the failure of the first two arbitrators to agree on a third arbitrator within said thirty (30) calendar day period, either of the parties may within a period of thirty (30) calendar days thereafter, after notice to the other party or parties, apply to a judge of the High Court of Justice of England and Wales for the appointment of a third arbitrator, and in such case the person so appointed shall be deemed and shall act as the third arbitrator and chairman. Upon acceptance of the appointment by said third arbitrator, the Board of Arbitration for the controversy in question shall be deemed fixed.

2. The Board of Arbitration shall fix, by a notice in writing to the parties involved, a reasonable time and place for the hearing and may prescribe reasonable rules and regulations governing the course and conduct of the arbitration proceeding, including without limitation discovery by the parties.
3. The Board shall, within ninety (90) calendar days following the conclusion of the hearing, render its award as respects the matter or matters in controversy in writing and shall cause a copy thereof to be served on all the parties thereto, but the Board shall not set forth any reasons for its award. In case the Board fails to reach a unanimous decision, the decision of the majority of the members of the Board shall be deemed to be the decision of the Board, and the same shall be final and binding on the parties thereto. Such decision shall be a complete defense to any attempted appeal or litigation of such decision in the absence of serious irregularity under Section 68 of the Act. Without limiting the foregoing, the parties waive any right to appeal to, and/or seek collateral review of the decision of the Board of Arbitration by, any court or other body to the fullest extent permitted by applicable law, including, without limitation, any right to make application to the court under Section 45 or to appeal under Section 69 of the Act.

Any order as to the costs of the arbitration shall be in the sole discretion of the Board, who may direct to whom and by whom and in what manner they shall be paid.



4. Ironshore Insurance Ltd and the Insured agree that in the event that claims for indemnity or contribution are asserted in any action or proceeding against Ironshore Insurance Ltd by any of the Insured's other insurers in any jurisdiction or forum other than that set forth in this paragraph 4, the Insured will in good faith take all reasonable steps requested by Ironshore Insurance Ltd to assist Ironshore Insurance Ltd in obtaining a dismissal of these claims (other than on the merits) and will, without limitation, undertake to the court or other tribunal to reduce any judgment or award against such other insurers to the extent that the court or tribunal determines that Ironshore Insurance Ltd would have been liable to such insurers for indemnity or contribution pursuant to this Policy. The Insured shall be entitled to assert claims against Ironshore Insurance Ltd for coverage under this Policy, including, without limitation, for amounts by which the Insured reduced its judgment against such other insurers in respect of such claims for indemnity or contribution, in an arbitration between Ironshore Insurance Ltd and the Insured pursuant to this paragraph 4, which arbitration may take place before, concurrently with and/or after the action or proceeding involving such other insurers; provided, however, that Ironshore Insurance Ltd in such arbitration in respect of such reduction of any judgment shall be entitled to raise any defenses under this Policy and any other defenses (other than jurisdictional defenses) as it would have been entitled to raise in the action or proceeding with such insurers (and no determination in any such action or proceeding involving such other insurers shall have collateral estoppel, res judicata or other issue preclusion or estoppel effect against Ironshore Insurance Ltd in such arbitration, irrespective of whether or not Ironshore Insurance Ltd remained a party to such action or proceeding).

GOVERNING LAW AND INTERPRETATION

This Policy shall be construed in accordance with the laws of the State of New York, United States except insofar as such laws:

- A. pertain to regulation under the New York Insurance Law, or regulations issued by the Insurance Department of the State of New York pursuant thereto, applying to insurers doing insurance business, or issuance, delivery or procurement of policies of insurance, within the State of New York or as respects risks or insureds situated in the State of New York;
- B. pertain to choice of law and result in the selection of any substantive law other than New York; or
- C. are inconsistent with any of the Ironshore Insurance Ltd Terms and Conditions.

provided, however, that the provisions, stipulations, exclusions and conditions of this Policy are to be construed in an evenhanded fashion as between the Insured and Ironshore Insurance Ltd. Without limitation, where the language of this Policy is deemed to be ambiguous or otherwise unclear, the issues shall be resolved in the manner most consistent with the relevant provisions, stipulations, exclusions and conditions (without regard to authorship of the language, without reference to the reasonable expectations of one party only and without any presumption or arbitrary interpretation or construction in favor of either the Insured or Ironshore Insurance Ltd and without reference to parol or other extrinsic evidence).

IRNS-0002 11/2007



ENDORSEMENT

This endorsement effective: 12:01 a.m. 07-01-08

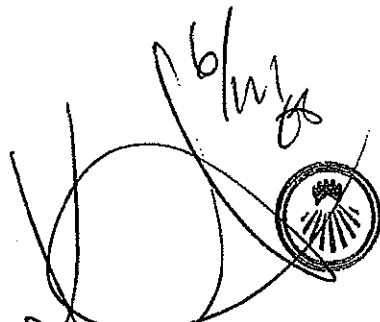
Forms a part of policy number: 001830701001

Issued to: Nations Asset Management, LP (CAT)

By: Ironshore Insurance Company, Ltd.

In consideration of an additional premium of \$24,975., it is agreed that premium adjustment is hereby made per schedule on file with the company dated 07-01-08 as respects 3rd quarter 2008 report for July, August, and September.

All other items remain unchanged

6/12/08

Authorized Representative

ENDORSEMENT

This endorsement effective: 12:01 a.m. 04-01-08

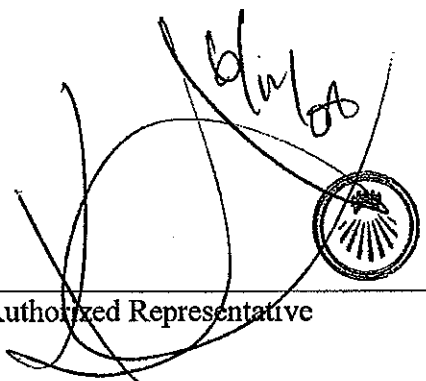
Forms a part of policy number: 001830701001

Issued to: Nations Asset Management, LP (CAT)

By: Ironshore Insurance Company, Ltd.

In consideration of an additional premium of \$60,101., it is agreed that premium adjustment is hereby made per schedule on file with the company dated 04-01-08 as respects 2nd quarter 2008 report for April, May, and June.

All other items remain unchanged

A handwritten signature in cursive script is written over a horizontal line. To the right of the signature is a circular stamp containing a stylized sunburst or starburst design.

Authorized Representative

LEXINGTON INSURANCE COMPANY

Administrative Offices: 100 Summer Street, Boston, Massachusetts 02110-2103
(hereinafter called the Company)

**COMMERCIAL PROPERTY POLICY
DECLARATIONS**

SOUTHERN RISK SPECIALISTS
8144 WALNUT HILL LANE
SUITE 1600
DALLAS, TEXAS 75231

POLICY NUMBER: 3258064

RENEWAL OF: 0200159

ITEM 1. Named Insured: NATIONS ASSET MANAGEMENT LP (CAT)

Address: P.O. BOX 25243
DALLAS, TX 75225

ITEM 2. Policy Period:
From 03/31/2008 To 04/01/2009
at 12:01 A.M. Standard Time at the address of the named insured shown above.

ITEM 3. Limit of Insurance:
25,000,000 ANY ONE OCCURRENCE FOR ALL PERILS, COVERAGES AND LOCATIONS
COMBINED AND SUBJECT TO THE ATTACHED SUBLIMITS

Total Premium \$3,416,508 Minimum Earned Premium \$854,127


ITEM 4. Perils:
ALL RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE INCLUDING FLOOD,
EARTHQUAKE AND EQUIPMENT BREAKDOWN

ITEM 5. Description of Property Covered: Coinsurance
REAL & PERSONAL PROPERTY, BUSINESS INTERRUPTION, EXTRA EXPENSE,
DEBRIS REMOVAL, DEMOLITION & INCREASED COST OF CONSTRUCTION (DICC),
VALUABLE PAPERS, ACCOUNTS RECEIVABLE, FINE ARTS, EDP AND EQUIPMENT
BREAKDOWN NIL

STATE TAX \$165,700.64
STAMPING FEE \$2,049.90
FEES _____

ITEM 6. Mortgage Clause: Loss, if any shall be payable to:

ITEM 7. Forms Attached:
See attached forms schedule


Authorized Representative OR
Countersignature (In states where applicable)

PRPDEC(Ed.01/91)
LX1119

INSURED'S COPY

POLICYHOLDER NOTICE

Thank you for purchasing insurance from a member company of American International Group, Inc. (AIG). The AIG member companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by AIG member companies to brokers and independent agents in the United States by visiting our website at www.aigproducercompensation.com or by calling AIG at 1-800-706-3102.

91222 (7/06)

INSURED'S COPY

"This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as a surplus lines coverage pursuant to the Texas insurance statutes. The State Board of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and this insurer is not a member of the property and casualty insurance guaranty association created under Article 21.28-C, the Insurance Code, Article 1.14-2, Insurance Code, requires payment of 4.85% tax on gross premium."

INSURED'S COPY

TEXAS NOTICE
(Surplus Lines)

IMPORTANT NOTICE

To obtain information or make a complaint:

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P. O. Box 149104

Austin, TX 78714-9104

FAX: (512) 475-1771

Web: <http://www.tdi.state.tx.us>

E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P. O. Box 149104

Austin, TX 78714-9104

FAX: (512) 475-1771

Web: <http://www.tdi.state.tx.us>

E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

FORMS SCHEDULE

Named Insured: NATIONS ASSET MANAGEMENT LP (CAT)

Policy No: 3258064

Effective Date: 03/31/2008

Form Number	Edition Date	Endorsement Number	Title
PRPDEC	01/91		PROPERTY DEC
PREIRS	01/91		FIRE SCHEDULE
IL0017	11/85		COMMON POLICY CONDITIONS
CP0090	07/88		COMMERCIAL PROPERTY CONDITIONS
PR9015	08/06		POLLUTION CONTAMINATION FORM
PR9019	01/94		STANDARD PROPERTY CONDITIONS
CP1030	07/88		CAUSES OF LOSS SPECIAL FORM
PR9014	08/06		OCCURRENCE LIMIT OF LIABILITY
PR9885	11/05		COVERAGE TERRITORY ENDORSEMENT
		001	SUBLIMITS
		002	DEDUCTIBLE
		003	VALUATION
		004	EXCLUSIONS
		005	BROAD FORM NAMED INSURED
LX9512	08/02		MOLD/FUNGUS EXCLUSION
PR9514	09/02		PROPERTY ENDORSEMENT
PR9017	01/91		REPLACEMENT COST COVERAGE ENDT
PR9777	08/04		TERRORISM RISK INS ACT 02 PREM
CM0066	07/88		ACCOUNTS RECEIVABLE COVERAGE
CP0010	07/88		BUILDING & PP COVERAGE FORM
CM0067	07/88		VALUABLE PAPERS & RECORDS
CP0405	07/88		ORDINANCE OR LAW COVERAGE
PR9561	11/02		EXTENDED PERIOD OF INDEMNITY
CP0030	07/88		BUSINESS INCOME (& EXTRA EXP)

FORMS SCHEDULE

Named Insured: NATIONS ASSET MANAGEMENT LP (CAT)

Policy No: 3258064

Effective Date: 03/31/2008

Form Number	Edition Date	Endorsement Number	Title
Y69813	02/98		COMB. PROP/B&M MILLENNIUM END.
PR9565	11/02		ELECTRONIC DATA PROCESSING END
PR8067	09/04		ISO EB COVERAGE
PR8066	09/04		ISO EB COVERAGE SCHEDULE
PR9026	09/92		FLOOD ENDORSEMENT
PR9025	09/92		EARTHQUAKE ENDORSEMENT
		006	DICC
		007	FINE ARTS
		008	ERRORS & OMISSIONS

FIRE

Schedule of Covered Locations

Policy Number: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

<u>Description of Premises</u>	<u>Limit</u>	<u>Percent of Coins</u>
PER SCHEDULE ON FILE WITH THE COMPANY	\$25,000,000	NIL

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

These conditions apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and

2. Will be the payee for any return premiums we pay.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:

- a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
- a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- 1. Prior to a loss to your Covered Property or Covered Income.
- 2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - 1) Owned or controlled by you; or
 - 2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

**POLLUTION, CONTAMINATION, DEBRIS REMOVAL
EXCLUSION ENDORSEMENT**

1. Property Not Covered

This policy does not cover land, land values or water.

2. Pollution and Contamination Exclusion.

This policy does not cover loss or damage caused by, resulting from, contributed to or made worse by actual, alleged or threatened release, discharge, escape or dispersal of CONTAMINANTS or POLLUTANTS, all whether direct or indirect, proximate or remote or in whole or in part caused by, contributed to or aggravated by any physical damage insured by this policy.

Nevertheless, if fire is not excluded from this policy and a fire arises directly or indirectly from seepage or contamination or pollution, any loss or damage insured under this policy arising directly from that fire is insured, subject to the provisions of this policy.

CONTAMINANTS or POLLUTANTS means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances as listed in the Federal Water, Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act or as designated by the U. S. Environmental Protection Agency. Waste includes materials to be recycled, reconditioned or reclaimed.

This exclusion shall not apply when loss or damage is directly caused by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm, hail, vandalism, malicious mischief. This exclusion shall also not apply when loss or damage is directly caused by leakage or accidental discharge from automatic fire protective systems.

3. Asbestos, Dioxin or Polychlorinated Biphenols Exclusions

This policy does not cover -

- a) Asbestos, dioxin or polychlorinated biphenols (hereinafter all referred to as "Materials") removal from any good, product or structure unless the asbestos is itself damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, leakage or accidental discharge from automatic fire protective system.
- b) Demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating such Materials;
- c) Any governmental direction or request declaring that such Materials present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

The exception to exclusion 3(a), above, does not apply to payment for the investigation or defense of any loss, damage or any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended

4. Debris Removal Exclusion

The Company will pay the expense within the sum insured to remove debris of insured property damaged or destroyed by an insured peril during the policy term.

The Company will not pay the expense to:

- a) Extract contaminants or pollutants from the debris; or
- b) Extract contaminants or pollutants from land or water; or

- c) Remove, restore or replace contaminated or polluted land or water; or
- d) Remove or transport any property or debris to a site for storage or decontamination required because the property or debris is affected by pollutants or contaminants, whether or not such removal, transport, or decontamination is required by law or regulation.

It is a condition precedent to recovery under this extension that the Company shall have paid or agreed to pay for direct physical loss or damage to the property insured hereunder and that the Insured shall give written notice to the Company of intent to claim for cost of removal of debris or cost to clean up not later than 180 days after the date of such physical loss or damage.

5. Authorities Exclusion

Notwithstanding any of the provisions of this policy, the Company shall not be liable for loss, damage, costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any Government Agency, Court or other Authority arising from any cause whatsoever.

**LEXINGTON INSURANCE COMPANY
Standard Property Conditions**

This endorsement effective 03/31/2008 forms a part of Policy Number 3258064
issued to NATIONS ASSET MANAGEMENT LP (CAT)

by

LEXINGTON INSURANCE COMPANY

(hereinafter called "the Company").

In consideration of the premium charged, the following clauses are hereby made applicable under this policy.

MINIMUM EARNED PREMIUM CLAUSE

In the event of cancellation of this policy by the Insured, a minimum premium of \$854,127 shall become earned, any provision of the policy to the contrary notwithstanding.

Failure of the Insured to make timely payment of premium shall be considered a request by the Insured for the Company to cancel on the Insured's behalf. In the event of such cancellation for non-payment of premium, the minimum earned premium shall be due and payable; provided, however, such cancellation shall be rescinded if the Insured remits and the Company receives the full policy premium with 10 days after the date of issuance of the cancellation notice. Such remittance and acceptance by the Company shall not effect the minimum earned premium provision of this endorsement. In the event of any other cancellation by the Company, the earned premium shall be computed pro-rata, not subject to the minimum earned premium.

POLICY DEDUCTIBLE

Each claim for loss or damage separately occurring shall be adjusted separately and from each such adjusted claim, the amount of \$250,000 shall be deducted. Notwithstanding the foregoing, the deductible amount applying to certain peril(s) insured against by this policy shall be as follows:

ATTACHED	deductible applying to	PER ATTACHED
	deductible applying to	
	deductible applying to	
	deductible applying to	
	deductible applying to	

In the event of any other insurance covering the property insured hereunder, whether or not concurrent, the deductible(s) specified herein shall apply in full against that portion of any claim for loss or damage which the Company is called upon to pay under the provisions of the Apportionment Clause irrespective of any provisions to the contrary of such other insurance.

CANCELLATION CLAUSE

Except and to the extent of the Minimum Earned Premium Clause which is part of this policy, this clause supersedes other cancellation clauses made a part of this policy.

CANCELLATION: This policy may be cancelled by the Insured by surrender thereof to the Company or by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This policy may be cancelled by the Company by mailing to the Insured, at the mailing address shown in this policy or last known address, written notice, stating when, not less than 120 days thereafter (10 days for non-payment of premium) such cancellation shall be effective. The effectiveness of cancellation is not dependent on the return of unearned premium with the notice. Proof of mailing of notice as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Insured or the Company shall be equivalent to mailing. If the Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment shall be made as soon as practicable after cancellation becomes effective.

SERVICE OF SUIT CLAUSE

Service of Suit: In the event of failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service or process in such suit may be made upon Counsel, Legal Department, Company stated on Declarations, 100 Summer Street, Boston, Massachusetts, 02110-2103, or his or her representative, and that in any suit instituted against the Company upon this policy, the Company will abide by the final decision.

1 of 2

of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, the Company hereby designates the Superintendent, Commissioner or Director of Insurance, other officer specified for that purpose in the statute, or his successor or successors in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this policy of insurance and hereby designates the above named Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

WAR RISK EXCLUSION CLAUSE

The Company shall not be liable for any loss, caused directly or indirectly, by (1) hostile or warlike action in time of peace or war, whether or not declared, including action in hindering, combating or defending against an actual, impending or expected attack (a) by government or sovereign power (dejure or de facto) or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of any such government, power, authority or force (2) any weapon of war employing atomic fission or radioactive force whether in time of peace or war, whether or not its discharge was accidental; (3) insurrection, rebellion, revolution, civil war, usurped power, or action taken by government authority in hindering, combating, or defending against such an occurrence, seizure or destruction; (4) any consequence of any of the foregoing.

NUCLEAR EXCLUSION CLAUSE

The Company shall not be liable for loss by nuclear reaction or nuclear radiation or radioactive contamination all whether controlled or not, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy. If the peril of fire is insured under this policy, then, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.

SALVAGE AND RECOVERY CLAUSE

All salvages, recoveries and payments recovered or received either prior or subsequent to a loss settlement under this policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto, including deduction of the Company's cost of recovery or salvage.

REPORTING CLAUSE

Notwithstanding that the Insured may be obligated to report full values for premium purposes, the Company's maximum limit of liability shall not exceed that amount stated as the policy limit of liability.

PROOF OF LOSS AND PAYMENT

The Insured shall complete and sign a sworn proof of loss within ninety (90) days after the occurrence of a loss (unless such period be extended by the written agreement of the Company) stating the time, place and cause of loss, the interest of the Insured and of all others in the property, the sound value thereof and the amount of loss or damage thereto, and all other insurance thereon. All adjusted claims shall be due and payable thirty (30) days after the presentation and acceptance of satisfactory proof(s) of loss at the office of the Company at 100 Summer Street, Boston, Massachusetts 02110-2103.

GOVERNMENT ACTIVITY CLAUSE

The Company shall not be liable for loss or damage caused by or resulting from: (1) the seizure or destruction of property insured by this policy by any government body, including any customs or quarantine action, or (2) confiscation or destruction of any property by order of any government or public authority, except an order to destroy property to prevent the spread of fire or explosion.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned in the Declarations by one of its duly authorized representatives.

Elizabeth M. Tuck

Secretary

Sham E. Kelly

President

CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section F. - Definitions.

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

- 1 Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations;

that follow.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance or Law

The enforcement of any ordinance or law:

- 1) Regulating the construction, use or repair of any property; or
- 2) Requiring the tearing down of any property, including the cost of removing its debris.

b. Earth Movement

- 1) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.
- 2) Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic action results, we will pay for that resulting loss or damage.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a) Airborne volcanic blast or airborne shock waves;
- b) Ash, dust or particulate matter; or
- c) Lava flow.

All volcanic eruptions that occur within any one hundred sixty-eight (168) hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

e. Power Failure

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

f. War And Military Action

- 1) War, including undeclared or civil war;
- 2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- 3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- 1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- 2) Mudslide or mudflow;
- 3) Water that backs up from a sewer or drain; or
- 4) Water under the ground surface pressing on, or flowing or seeping through:
 - a) Foundations, walls, floors or paved surfaces;
 - b) Basements, whether paved or not; or
 - c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

- b. Delay, loss of use or loss of market.

- c. Smoke, vapor or gas from agricultural smudging or industrial operations.

- d. 1) Wear and tear;

- 2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

- 3) Smog;

- 4) Settling, cracking, shrinking or expansion;

- 5) Insects, birds, rodents or other animals;

- 6) Mechanical breakdown, including rupture or bursting caused by centrifugal force; or

- 7) The following causes of loss to personal property:

- a) Dampness or dryness of atmosphere;

- b) Changes in or extremes of temperature; or

c) Marring or scratching.

But if loss or damage by the "specified causes of loss" or building glass breakage results, we will pay for that resulting loss or damage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water that occurs over a period of fourteen (14) days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - 1) You do your best to maintain heat in the building or structure; or
 - 2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - 1) Acting alone or in collusion with others; or
 - 2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
 - j. Rain, snow, ice or sleet to personal property in the open.
 - k. Collapse, except as provided below in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results at the described premises, we will pay for that resulting loss or damage.
 - l. Release, discharge or dispersal of "pollutants" unless the release, discharge or dispersal is itself caused by any of the "specified causes of loss." But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified cause of loss."
3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - 1) Planning, zoning, development, surveying, siting;
 - 2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - 3) Materials used in repair, construction, renovation or remodeling; or

4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form

We will not pay for:

1) Any loss caused by or resulting from:

- a) Damage or destruction of "finished stock"; or
- b) The time required to reproduce "finished stock."

This exclusion does not apply to Extra Expense.

2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas, including their lead-in wiring, masts or towers.

3) Any increase of loss caused by or resulting from:

- a) Delay in rebuilding, repairing or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your Business Income during the "period of restoration."

4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration."

5) Any other consequential loss.

b. Leasehold Interest Coverage Form

1) Paragraph B.1.a. Ordinance or Law, does not apply to insurance under this Coverage Form.

2) We will not pay for any loss caused by:

- a) Your cancelling the lease;
- b) The suspension, lapse or cancellation of any license; or
- c) Any other consequential loss.

c. Legal Liability Coverage Form

1) The following Exclusions do not apply to insurance under this Coverage Form:

- a) Paragraph B.1.a., Ordinance or Law;
- b) Paragraph B.1.c., Governmental Action;
- c) Paragraph B.1.d., Nuclear Hazard;
- d) Paragraph B.1.e., Power Failure; and
- e) Paragraph B.1.f., War and Military Action.

2) Contractual Liability

We will not defend any claim or "suit," or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.

3) Nuclear Hazard

We will not defend any claim or "suit," or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. LIMITATIONS

1. We will not pay for loss of or damage to:

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - 1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - 2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, unless held for sale by you, caused by or resulting from theft, except as provided in C.5.a. below.
- e. Property that is missing, but there is no physical evidence to show what happened to it, such as shortage disclosed on taking inventory.
- f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.
- g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay more for loss of or damage to glass that is part of a building or structure than one hundred (100) dollars for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter. We will not pay more than five hundred (500) dollars for all loss of or damage to building glass that occurs at any one time.

This Limitation does not apply to loss or damage by the "specified causes of loss," except vandalism.

3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

- a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
- b. Animals, and then only if they are killed or their destruction is made necessary.
- c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - 1) Glass that is part of a building or structure;
 - 2) Containers of property held for sale; or

3) Photographic or scientific instrument lenses.

d. Builder's machinery, tools, and equipment you own or that are entrusted to you, while away from the premises described in the Declarations, except as provided in paragraph C.5.b. below.

4. For loss or damage by theft, the following types of property are covered only up to the limits shown:

- a. Two thousand five hundred (2,500) dollars for furs, fur garments and garments trimmed with fur.
- b. Two thousand five hundred (2,500) dollars for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth one hundred (100) dollars or less per item.
- c. Two thousand five hundred (2,500) dollars for patterns, dies, molds and forms.
- d. Two hundred fifty (250) dollars for stamps, tickets and letters of credit.

5. Builders' Risk Coverage Form Limitations

The following provisions apply only to the Builders' Risk Coverage Form.

a. Limitation 1.d. is replaced by the following:

d. Building materials and supplies not attached as part of the building or structure caused by or resulting from theft.

b. Limitation 3.d. is replaced by the following:

d. Builders' machinery, tools and equipment you own or that are entrusted to you.

D. ADDITIONAL COVERAGE - COLLAPSE

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

- 1. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
- 2. Hidden decay;
- 3. Hidden insect or vermin damage;
- 4. Weight of people or personal property;
- 5. Weight of rain that collects on a roof;
- 6. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

We will not pay for loss or damage to the following types of property, if otherwise covered in this Coverage Part, under items 2., 3., 4., 5. and 6. unless the loss or damage is a direct result of the collapse of a building:

outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings, gutters and downspouts; yard fixtures; outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls, walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

This Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSIONS

- 1. Property in Transit. This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody, or control of your salespersons) in transit more than one hundred (100) feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - 1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - 2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
 - 3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is one thousand (1,000) dollars.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.
2. Water Damage, Other Liquids, Powder or Molten Material Damage. If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

F. DEFINITIONS

"Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.
2. Falling objects does not include loss or damage to:
 - a. Personal property in the open; or
 - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT

It is agreed that the following special terms and conditions apply to this policy:

1. The limit of liability or Amount of Insurance shown on the face of this policy, or endorsed on this policy, is the total limit of the Company's liability applicable to each occurrence, as hereafter defined. Notwithstanding any other terms and conditions of this policy to the contrary, in no event shall the liability of the Company exceed this limit or amount irrespective of the number of locations involved.

The term "occurrence" shall mean, any one loss, disaster, casualty, or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, volcanic eruption, riot, riot attending a strike, civil commotion, vandalism and malicious mischief, or terrorism, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which may not be earlier than the time when the first loss to covered property occurs.

2. The premium for this policy is based upon the Statement of Values provided to the Insurer(s) by or on behalf of the Insured and kept on file by the Insurer(s). In the event of loss under the policy, the liability of the Insurer(s) shall be limited to the least of the following:

- a.) The actual adjusted amount of loss, less applicable deductible(s);
- b.) As respects each location insured by this Policy, 100 percent of the total combined stated values for all categories of covered property (e.g. building, contents) and other covered exposures (e.g., business income, extra expense, rental loss), shown for that location on the latest statement of values or other documentation on file with the insurer.
- c.) Any other Limit of Liability or Sublimit of Insurance or Amount of Insurance specifically stated in this policy to apply to any particular insured loss or coverage or location.

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

COVERAGE TERRITORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

Payment of loss under this policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MOLD / FUNGUS EXCLUSION

In consideration of the premium charged, it is hereby understood and agreed that this policy is amended as follows.

The Company shall not be liable for any loss or damage caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;

- (a) fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
- (b) mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s);
- (c) spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms.

regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

All other terms, conditions, definitions, exclusions, limitations and provisions of the Policy remain the same.

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

PROPERTY ENDORSEMENT

It is noted and agreed that this policy is hereby amended as follows:

The Insurer will not pay for Damage or Consequential loss directly or indirectly caused by, consisting of, or arising from:

1. Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,
2. Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set,
3. Loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing liability or failure of the Insured to conduct business.

This Endorsement shall not exclude subsequent damage or Consequential loss, not otherwise excluded, which itself results from a Defined Peril. Defined Peril shall mean: Fire, Lightning, Earthquake, Explosion, Falling Aircraft, Flood, Smoke, Vehicle Impact, Windstorm or Tempest.

Such Damage or Consequential loss described in 1, 2, or 3 above is excluded regardless of any other cause that contributed concurrently or in any other sequence.

All other terms, conditions and exclusions of this policy remain unchanged.

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

REPLACEMENT COST COVERAGE ENDORSEMENT

This endorsement applies only with respect to the premises described in the following Schedule and affords insurance on a replacement cost basis only on the property described below.

SCHEDULE

Location of Premises

Property Covered on a
Replacement Cost Basis

SEE SCHEDULE ATTACHED

1. Replacement Cost Clause: The provisions of Valuation Clause(s) 1.A, B, E and G of this policy applicable to the property described as covered on a replacement cost basis are amended to substitute the term "replacement cost (without deduction for depreciation)" for the term "actual cash value" wherever it appears in this policy, and the Coinsurance Clause of this endorsement (if applicable) supersedes and replaces all other Co-insurance Clauses otherwise applicable. Subject in all other respects to the provisions of this endorsement and of Valuation Clause of this policy.
2. This policy does not cover the following property on a replacement cost basis:
 - a. Precious metals, jewelry, precious stones, furs or fur trimmed garments.
 - b. Property of others
 - c. Cost of reproducing information for books of account, abstracts, manuscripts, drawings, card index systems and other records (including film, tape, disc, drum, cell and other magnetic recording or storage media).
 - d. Paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glassware and bric-a-brac, or other articles of art, rarity or antiquity.
 - e. Carpeting, domestic appliances or household furniture and outdoor equipment, all whether permanently attached to the building structure or not.
3. The Company shall not be liable under this endorsement for any loss unless and until the damaged or destroyed property is actually repaired or replaced by the Insured with due diligence and dispatch.

4. Coinsurance Clause (if shown in policy declarations). This Company shall not be liable for a greater proportion of any loss or damage to the property covered under this policy than the limit of liability under this policy for such property bears to the amount produced by multiplying the coinsurance percentage applicable (specified in this policy) by the total of (a) the replacement cost (without deduction for depreciation) of that part of said property which is specifically described as covered on a replacement cost basis and (b) the actual cash value of that part of said property which is covered on an actual cash value basis at time of loss.

In the event that the aggregate claim for any loss is both less than \$10,000 and less than 5% of the limit of liability for all contributing insurance applicable to the property involved at the time such loss occurs, no special inventory or appraisal of the undamaged property shall be required, provided that nothing herein shall be construed to waive application of the first paragraph of this clause.

If insurance under this policy is divided into separate limits of liability, the foregoing shall apply separately to the property covered under each such limit of liability.

The cost of the removal of debris, shall not be considered in the determination of actual cash value or replacement cost when applying the Coinsurance Clause.

5. This Company's liability for loss on a replacement cost basis, shall not exceed the smallest of the following amounts:
- a. the amount of this policy applicable to the damaged or destroyed property.
 - b. the replacement cost of identical property or any part thereof intended for the same occupancy and use; or
 - c. the amount actually and necessarily expended in repairing or replacing said property or any part thereof.
6. The Insured may elect to make claim under this policy in accordance with its provisions, disregarding this endorsement, except that the foregoing Coinsurance Clause shall apply, if applicable, and the Insured may make further claim for any additional liability brought about by this endorsement in accordance with its provisions, provided the Company is notified in writing within 180 days after loss of the Insured's intent to make such further claim.

Authorized Representative OR
Countersignature (In states where applicable)

Policy no.: 3258064

SCHEDULE

Location of Premises

Property Covered on a
Replacement Cost Basis

PER SCHEDULE ON FILE WITH THE COMPANY

REAL & PERSONAL PROPERTY

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

TERRORISM RISK INSURANCE ACT OF 2002 PREMIUM

**The Policy Premium of \$3,416,508 shown on the Declarations Page of this policy
INCLUDES a charge of \$63,547 applicable to coverage as respects the Terrorism Risk
Insurance Act of 2002.**

**Authorized Representative OR
Countersignature (In states where applicable)**

ACCOUNTS RECEIVABLE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section E - DEFINITIONS.

A. COVERAGE

1. We will pay:

- a. All amounts due from your customers that you are unable to collect;
- b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- c. Collection expenses in excess of your normal collection expenses that are made necessary by the "loss;" and
- d. Other reasonable expenses that you incur to re-establish your records of accounts receivable; that result from Covered Causes of Loss to your records of accounts receivable.

2. PROPERTY NOT COVERED

Coverage does not apply to:

- a. Records of accounts receivable in storage away from the "premises" shown in the Declarations; or
- b. Contraband, or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to your records of accounts receivable except those causes of "loss" listed in the Exclusions.

4. ADDITIONAL COVERAGE - COLLAPSE

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow, ice or sleet; water damage; all only as covered in this Coverage Form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

5. COVERAGE EXTENSION

Removal

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of "loss," we will pay for "loss" while they are:

- a. At a safe place away from your "premises;"
- b. Being taken to and returned from that place.

This Coverage Extension is included within the Limit of Insurance applicable to the "premises" from which the records of accounts receivable are removed.

B. EXCLUSIONS

1. We will not pay for "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. NUCLEAR HAZARD

- 1) Any weapon employing atomic fission or fusion; or
- 2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. WAR AND MILITARY ACTION

- 1) War, including undeclared or civil war;
- 2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- 3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.
- b. Dishonest acts by you, anyone else with an interest in the records of accounts receivable, or your employees or authorized representatives, or anyone entrusted with the records of accounts receivable, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

- c. Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- d. Bookkeeping, accounting or billing errors or omissions.
- e. Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct "loss" caused by lightning.

- f. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- g. Unauthorized instructions to transfer property to any person or to any place.
- 3. We will not pay for "loss" that requires any audit of records or any inventory computation to prove its factual existence.
- 4. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - 1) Planning, zoning, development, surveying, siting;
 - 2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - 3) Materials used in repair, construction, renovation or remodeling; or
 - 4) Maintenance;of part or all of any property wherever located.
 - d. Collapse except as provided in the Additional Coverage - Collapse section of this Coverage Form.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

D. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. COVERAGE TERRITORY

We cover records of accounts receivable:

- a. Within your "premises;" and
- b. Away from your "premises" while in transit or within premises of others if those premises are located or the transit is within:
 - 1) The United States of America;
 - 2) Puerto Rico; and
 - 3) Canada.

2. DETERMINATION OR RECEIVABLES

General Condition E. Valuation in the Commercial Inland Marine Conditions is replaced by the following:

- a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of "loss," the following method will be used:

- 1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the "loss" occurs; and
 - 2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the "loss" occurred or for any demonstrated variance from the average for that month.
- b. The following will be deducted from the total amount of accounts receivable, however that amount is established:
- 1) The amount of the accounts for which there is no "loss;"
 - 2) The amount of the accounts that you are able to re-establish or collect; and
 - 3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - 4) All unearned interest and service charges.

3. COINSURANCE

All accounts receivable, except those in transit, must be insured for at least 80% of their total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for Coverage Applicable at All Locations bears to 80% of the total value of all accounts receivable at all locations as of the time of "loss." This penalty will not apply to records of accounts receivable in transit, interest charges, excess collection expenses or expenses to re-establish your records of accounts receivable.

4. PROTECTION OF RECORDS

Whenever you are not open for business, and except while you are actually using the records, you must keep all records of accounts receivable in receptacles that are described in the Declarations.

5. RECOVERIES

The following is added to Commercial Inland Marine Loss Condition 1. Recoveries:

You will pay us the amount of all recoveries you receive for a "loss" paid by us. But any recoveries in excess of the amount we have paid belong to you.

E. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Premises" means that interior portion of the building at the address shown in the Declarations that you occupy for your business.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H - DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the following types of property for which a Limit of Insurance is shown in the Declarations:

- a. Building, meaning the building or structure described in the Declarations, including:
 - 1) Completed additions;
 - 2) Permanently installed:
 - a) Fixtures;
 - b) Machinery; and
 - c) Equipment;
 - 3) Outdoor fixtures;
 - 4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - a) Fire extinguishing equipment;
 - b) Outdoor Furniture;
 - c) Floor coverings; and
 - d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - 5) If not covered by other insurance:
 - a) Additions under construction, alterations and repairs to the building or structure;
 - b) Materials, equipment, supplies and temporary structures, on or within one hundred (100) feet of the described premises, used for making additions, alterations or repairs to the building or structure.
- b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within one hundred (100) feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property Separation of Coverage form:
 - 1) Furniture and fixtures;
 - 2) Machinery and equipment;
 - 3) "Stock";
 - 4) All other personal property owned by you and used in your business;
 - 5) Labor, materials or services furnished or arranged by you on personal property of others; and

- 6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - a) Made a part of the building or structure you occupy but do not own; and
 - b) You acquire or made at your expense but cannot legally remove.
- c. Personal Property of Others that is:
 - 1) In your care, custody or control; and
 - 2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within one hundred (100) feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, evidences of debt, money, notes or securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - 1) The lowest basement floor; or
 - 2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of the building described in the Declarations;
- m. Underground pipes, flues or drains;
- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;
- o. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - 1) Are licensed for use on public roads; or
 - 2) Are operated principally away from the described premises

This paragraph does not apply to:

- a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- b) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- c) Rowboats or canoes out of water at the described premises;
- p. The following property while outside of buildings:
 - 1) Grain, hay, straw or other crops;
 - 2) Fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided in the Coverage Extensions.

3. Covered Causes of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- 1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within one hundred eighty (180) days of the earlier of:
 - a) The date of direct physical loss or damage; or
 - b) The end of the policy period.
- 2) The most we will pay under this Additional Coverage is 25% of:
 - a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
 - b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.
- 3) This Additional Coverage does not apply to costs to:
 - a) Extract "pollutants" from land or water; or
 - b) Remove, restore or replace polluted land or water.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- 1) While it is being moved or while temporarily stored at another location; and
- 2) Only if the loss or damage occurs within ten (10) days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to one thousand (1,000) dollars for your liability for fire department service charges:

- 1) Assumed by contract or agreement prior to loss; or
- 2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within one hundred eighty (180) days of the earlier of:

- 1) The date of direct physical loss or damage; or
- 2) The end of the policy period.

The most we will pay for each location under this Additional Coverage is ten thousand (10,000) dollars for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate twelve (12) month period of this policy.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within one hundred (100) feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired or Constructed Property

- 1) You may extend the insurance that applies to Building to apply to:
 - a) Your new buildings while being built on the described premises; and
 - b) Buildings you acquire at locations, other than the described premises, intended for:
 - i) Similar use as the building described in the Declarations; or
 - ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is 25% of the Limit of Insurance for Building shown in the Declarations, but not more than two hundred fifty thousand (250,000) dollars at each building.

- 2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Extension is 10% of the Limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than one hundred thousand (100,000) dollars at each building.

- 3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:
 - a) This policy expires;
 - b) Thirty (30) days expire after you acquire or begin to construct the property; or
 - c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- 1) Personal effects owned by you, your officers, your partners or your employees. This extension does not apply to loss or damage by theft.
- 2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is two thousand five hundred (2,500) dollars at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers and Records - Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is one thousand (1,000) dollars at each described premises.

d. Property Off-Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, other than "stock", that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property:

- 1) In or on a vehicle;
- 2) In the care, custody or control of your salespersons; or
- 3) At any fair or exhibition.

The most we will pay for loss or damage under this Extension is five thousand (5,000) dollars.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas, signs (other than signs attached to buildings), trees, shrubs and plants, including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- 1) Fire;
- 2) Lightning;
- 3) Explosion;
- 4) Riot or Civil Commotion; or
- 5) Aircraft.

The most we will pay for loss or damage under this Extension is one thousand (1,000) dollars, but not more than two hundred fifty (250) dollars for any one tree, shrub or plant.

Each of these Extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. EXCLUSIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is one thousand (1,000) dollars per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or

2. Debris Removal; but if:

- a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
- b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional five thousand (5,000) dollars for each location in any one occurrence under the Debris Removal Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. Permit us to inspect the property and records proving the loss or damage.

Also permit us to take samples of damaged property for inspection, testing and analysis.

- g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.
- h. Send us a signed, sworn statement of loss containing the information we request to investigate the claim. You must do this within sixty (60) days after our request. We will supply you with the necessary forms.
- i. Cooperate with us in the investigation or settlement of the claim.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - 1) Pay the value of lost or damaged property;
 - 2) Pay the cost of repairing or replacing the lost or damaged property;
 - 3) Take all or any part of the property at an agreed or appraised value; or
 - 4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within thirty (30) days after we receive the sworn statement of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owner's property. We will not pay the owners more than their financial interest in the Covered Property.
- e. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- f. We will pay for covered loss or damage within thirty (30) days after we receive the sworn statement of loss, if:
 - 1) You have complied with all of the terms of this Coverage Part; and
 - 2) a) We have reached agreement with you on the amount of loss; or
b) An appraisal award has been made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

If the building where loss or damage occurs has been vacant for more than sixty (60) consecutive days before that loss or damage, we will:

- a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - 1) Vandalism;
 - 2) Sprinkler leakage, unless you have protected the system against freezing;
 - 3) Building glass breakage;

- 4) Water damage;
- 5) Theft; or
- 6) Attempted theft.

b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

A building is vacant when it does not contain enough business personal property to conduct customary operations.

Buildings under construction are not considered vacant.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d., e. and f. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is two thousand five hundred (2,500) dollars or less, we will pay the cost of building repairs or replacement.

This provision does not apply to the following even when attached to the building:

- 1) Awnings or floor coverings;
- 2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- 3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not yet delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety glazing material if required by law.
- e. Tenant's Improvements and Betterments at:
 - 1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - 2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - 3) Nothing if others pay for repairs or replacement.
- f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:
 - 1) Blank materials for reproducing the records; and
 - 2) Labor to transcribe or copy the records when there is a duplicate.

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- 1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- 2) Divide the Limit of Insurance of the property by the figure determined in step (1);
- 3) Multiply the total amount of the covered loss, before the application of any deductible, by the figure determined in step (2); and
- 4) Subtract the deductible from the figure determined in step (3).

The amount determined in step (4) is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When: The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$100,000
The Deductible is	\$250
The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \text{ divided by } \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

When: The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$200,000
The Deductible is	\$250
The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$200,000 \text{ divided by } \$200,000 = 1.00$

Step (3): $\$40,000 \times 1.00 = \$40,000$

Step (4): $\$40,000 - \$250 = \$39,750$

We will cover the \$39,750 loss in excess of the Deductible. No penalty applies.

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When: The value of property is:

Building at Location No. 1	\$75,000
Building at Location No. 2	\$100,000
Personal Property at Location No. 2	\$75,000
	<u>\$250,000</u>

The Coinsurance percentage for it is 90%

The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is \$180,000

The Deductible is \$1,000

The amount of loss is Building at Location No. 2 \$30,000

Personal Property at Location No. 2. \$20,000
\$50,000

Step (1): $\$250,000 \times 90\% = \$225,000$ (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000$ divided by $\$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgage Holders

- The term "mortgage holder" includes trustee.
- We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - Submits a signed, sworn statement of loss within sixty (60) days after receiving notice from us of your failure to do so; and
 - Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- 1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- 2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:
 - 1) Ten (10) days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - 2) Thirty (30) days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least ten (10) days before the expiration date of this policy.

G. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - 1) On or after the effective date of this Optional Coverage; and
 - 2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - 1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - 2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - 3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If: The applicable Limit of Insurance is	\$100,000
The annual percentage increase is	8%
The number of days since the beginning of the policy year (or last policy change) is	146

The amount of increase is \$100,000 x .08 x 146 divided by 365 = \$3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - 1) Property of others;
 - 2) Contents of a residence;
 - 3) Manuscripts;
 - 4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - 5) "Stock," unless the Including "Stock" option is shown in the Declarations.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for additional coverage this Optional Coverage provides if you notify us on your intent to do so within one hundred eighty (180) days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - 1) Until the lost or damaged property is actually repaired or replaced; and
 - 2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of:
 - 1) The Limit of Insurance applicable to the lost or damaged property;
 - 2) The cost to replace, on the same premises, the lost or damaged property with other property:
 - a) Of comparable material and quality; and
 - b) Used for the same purpose; or
 - 3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

H. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

VALUABLE PAPERS AND RECORDS COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY, as used in this Coverage Form, means "valuable papers and records" that are your property or property of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Property not specifically declared and described in the Declarations if such property cannot be replaced with other property of like kind quality;
- b. Property held as samples or for delivery after sale;
- c. Property in storage away from the "premises" shown in the Declarations; or
- d. Contraband, or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. ADDITIONAL COVERAGE - COLLAPSE

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow, ice or sleet; water damage; all only as covered in this Coverage Form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

5. COVERAGE EXTENSIONS

- a. Removal

If you give us written notice within 10 days of removal of your "valuable papers and records" because of imminent danger of "loss," we will pay for "loss" while it is:

- 1) At a safe place away from your "premises;" or

- 2) Being taken to and returned from that place.

This Coverage Extension is included within the Limits of Insurance applicable to the "premises" from which the Covered Property is removed.

b. Away From Your Premises

We will pay up to \$5,000 for "loss" to Covered Property while it is away from your "premises."

But if a higher Limit of Insurance is specified in the Declarations, the higher limit will apply.

The limit for this Coverage Extension is additional insurance.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. NUCLEAR HAZARD

- 1) Any weapon employing atomic fission or fusion; or
- 2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. WAR AND MILITARY ACTION

- 1) War, including undeclared or civil war;
- 2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- 3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

a. Delay, loss of use, loss of market or any other consequential loss.

- b. Dishonest acts by you, anyone else with an interest in the property, or your or their employees or authorized representatives, or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

c. Errors or omissions in processing or copying.

But we will pay for direct "loss" caused by resulting fire or explosion if these causes of "loss" would be covered by this Coverage Form.

d. Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct "loss" caused by lightning.

- e. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- f. Unauthorized instructions to transfer property to any person or to any place.
- 3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - 1) Planning, zoning, development, surveying, siting;
 - 2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - 3) Materials used in repair, construction, renovation or remodeling; or
 - 4) Maintenance;of part or all of any property wherever located.
 - d. Collapse except as provided in the Additional Coverage - Collapse section of this Coverage Form.
 - e. Wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration; insects, vermin or rodents.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. COVERAGE TERRITORY

We cover property:

- a. Within your "premises;" and
- b. Away from your "premises" while in transit or within premises of others if those premises are located or the transit is within:
 - 1) The United States of America;
 - 2) Puerto Rico; and
 - 3) Canada.

2. VALUATION - SPECIFICALLY DECLARED ITEMS

The following is added to Commercial Inland Marine General Condition E. Valuation:

The value of each item of property that is specifically declared and described in the Declarations is the applicable Limit of Insurance shown in the Declarations for that item.

3. PROTECTION OF RECORDS

Whenever you are not open for business, and except while you are actually using the property, you must keep all "valuable papers and records" in receptacles that are described in the Declarations.

4. RECOVERIES

The following is added to Commercial Inland Marine Loss Condition 1. Recoveries:

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. If so, your "loss" will be readjusted based on the amount you received for the property recovered, with allowance for recovery expenses incurred.

F. DEFINITIONS

1. "Loss" means accidental loss or damage.

2. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities," converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

3. "Premises" means that interior portion of the building at the address shown in the Declarations that you occupy for your business.

4. "Money" means:

- a. Currency, coins and bank notes whether or not in current use; and
- b. Travelers checks, register checks and money orders held for sale to the public.

5. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps whether or not in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not of your own issue;

but does not include "money."

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

EARTHQUAKE ENDORSEMENT

1. In consideration of an additional premium of INCLUDED, it is understood and agreed that Paragraph B. EXCLUSIONS, Item b. Earth Movement, of CAUSES OF LOSS - SPECIAL FORM CP 1030 is amended as follows.

b. Earth Movement

- 1) Any earth movement (other than sinkhole collapse and earthquake), such as landslide, or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.

and special Limits of Liability and a special deductible are added as follows:

A. LIMITS OF LIABILITY: The liability of the Company for loss or damage caused by earthquake and volcanic eruption shall not exceed the sum of 10,000,000, for loss or damage at any one insured location. Notwithstanding the limit of liability stated herein, if any, liability shall not exceed the sum of 10,000,000 due to any one earthquake or volcanic eruption loss nor shall it exceed the sum of 10,000,000 in any one year period or policy period, whichever is less, commencing 03/31/08.

B. DEDUCTIBLE: The sum of 50,000 shall be deducted from any adjusted claim due to earthquake or volcanic eruption.

2. Each loss by earthquake or volcanic eruption shall constitute a single claim hereunder; provided that if more than one earthquake shock or volcanic eruption shall occur within any period of 72 hours during the term of this endorsement, such shocks shall be considered to constitute a single earthquake or volcanic eruption.

3. If the coverage of the policy to which this endorsement is attached includes both Property Damage and Business Interruption, the foregoing limits shall be the maximum amounts collectible under this policy for loss or damage resulting from the peril described in Paragraph 1. A. above, regardless of whether the loss involves Property Damage alone or both Property Damage and Business Interruption.

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

FLOOD ENDORSEMENT

1. In consideration of an additional premium of INCLUDED it is understood and agreed that Paragraph B. EXCLUSIONS, Item g. Water, of CAUSES OF LOSS - SPECIAL FORM CP 1030 is amended as follows.

g. Water

- 1) Water that backs up from a sewer or drain; or
- 2) Water under the ground surface pressing on, or flowing or seeping through:
 - a) Foundations, walls, floors or paved surfaces;
 - b) Basements, whether paved or not; or
 - c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

and special Limits of Liability and a special deductible are added as follows:

- A. LIMITS OF LIABILITY: The liability of the Company for loss or damage caused by or resulting from flood; meaning rising water, surface water, tidal water or tidal wave, rising (including the overflowing or breaking of boundaries) of lakes, ponds, reservoirs, rivers, harbors, streams and similar bodies of water whether driven by wind or not and spray from any of the foregoing shall not exceed the sum of 10,000,000 at any one insured location. Notwithstanding the limit of liability stated herein, if any, liability shall not exceed the sum of 10,000,000 in any single one year period or policy period, whichever is less, commencing 03/31/2008.
- B. DEDUCTIBLE: The sum of ATTACHED shall be deducted from any adjusted claim due to flood as defined herein.
2. If the coverage of the policy to which this endorsement is attached includes both Property Damage and Business Interruption, the foregoing limits shall be the maximum amounts collectible under this policy for loss or damage resulting from the perils described in Paragraph A above, regardless of whether the loss involves Property Damage alone or both Property Damage and Business Interruption.

Authorized Representative OR
Countersignature (In states where applicable)

COMMERCIAL PROPERTY COVERAGE PART EQUIPMENT BREAKDOWN COVERAGE SCHEDULE

Equipment Breakdown is subject to the Limits of Insurance shown in the Commercial Property Coverage Part Declarations except as specifically shown below.

These coverages apply to all locations covered on the policy, unless otherwise specified.

Coverages	Limits

Equipment Breakdown Limit	\$25,000,000
Business Income	\$INCLUDED
Extra Expense	\$100,000
Expediting Expenses	\$100,000
Hazardous Substances	\$100,000
Spoilage	\$100,000
Data Restoration	\$100,000
Service Interruption	\$EXCLUDED
Ordinance or Law	
Demolition	\$10,000,000
Increased Cost of Construction	\$10,000,000
Newly Acquired or Constructed Property	\$10,000,000
Business Income from Dependent Properties	\$EXCLUDED

Deductibles

Combined, All Coverages	\$250,000

Other Conditions

NEWLY ACQUIRED OR CONSTRUCTED PROPERTY: 90 DAYS
 NOTICE OF CANCELLATION OTHER THAN NONPAYMENT: 120 DAYS
 EXTENDED BUSINESS INCOME: 180 DAYS
 ERRORS AND OMISSIONS LIMIT: \$2,500,000

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INSURED'S COPY

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A. The following is added as an Additional Coverage to the Causes of Loss - Basic Form, Broad Form or Special Form.

Additional Coverage-- Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident." As used in this Additional Coverage, "accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
 - a. mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - c. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - d. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - e. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. Unless otherwise shown in a Schedule, the following coverages also apply to the direct result of an "accident." These coverages do not provide additional amounts of insurance.

a. Expediting Expenses

With respect to your damaged Covered Property, we will pay for the reasonable extra cost to:

- (1) make temporary repairs; and
- (2) expedite permanent repairs or permanent replacement.

The most we will pay for loss, damage or expense under this coverage is \$100,000 unless otherwise shown in a Schedule.

b. Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property. This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in 2.c.(1)(b) below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000 unless otherwise shown in a Schedule.

c. Spoilage

(1) We will pay:

- (a) for physical damage to "perishable goods" due to spoilage;
- (b) for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- (2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident," less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

The most we will pay for loss, damage or expense under this coverage is \$100,000 unless otherwise shown in a Schedule.

d. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost "data." The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000 unless otherwise shown in a Schedule.

e. Service Interruption

- (1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by an "accident" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.
- (2) Unless otherwise shown in a Schedule, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident."
- (3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage, except that if a limit is shown in a Schedule for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

f. Business Income and Extra Expense

Any insurance provided under this coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. The most we will pay for loss of Business Income you sustain or necessary Extra Expense you incur is the limit shown in the Declarations for that coverage, unless otherwise shown in a Schedule.

3. EXCLUSIONS

All exclusions in the Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

a. The exclusions are modified as follows:

- (1) If the Causes of Loss -- Basic Form or Causes of Loss -- Broad Form applies, the following is added to Exclusion B.2.: Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if an "accident" results, we will pay for the resulting loss, damage or expense.

- (2) The following is added to Exclusion B.1.g.: However, if electrical "covered equipment" requires drying out because of Water as described in g.(1) through g.(3) above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.
- (3) If the Causes of Loss Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following: But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an "accident," we will pay for the loss, damage or expense caused by that "accident."
- b. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:
 - (1) your failure to use all reasonable means to protect Covered Property from damage following an "accident";
 - (2) any defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind. But if an "accident" results, we will pay for the resulting loss, damage or expense; or
 - (3) any of the following tests: a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
- c. With respect to this coverage, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion, except as specifically provided in A.1.c. above; smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; breakage of glass; molten material; flood or earth movement.
- d. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
 - (1) any increase in loss resulting from an agreement between you and your customer or supplier.
- e. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident": Any mold, fungus, mildew or yeast, including any spores or toxins produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, fungus, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is "perishable goods," to the extent that spoilage is covered under Spoilage coverage.
- f. We will not pay under this endorsement for any loss or damage to animals.

4. DEFINITIONS

The following are added to G. DEFINITIONS:

- a. "Boilers and vessels" means:
 - (1) Any boiler, including attached steam, condensate and feedwater piping; and
 - (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in a Schedule.
- b. "Covered equipment"
 - (1) "Covered equipment" means, unless otherwise specified in a Schedule, Covered Property:
 - (a) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - (b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

(2) None of the following is "covered equipment":

- (a) structure, foundation, cabinet, compartment or air supported structure or building;
- (b) insulating or refractory material;
- (c) sewer piping, buried vessels or piping, or piping forming a part of a sprinkler system;
- (d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (e) "vehicle" or any equipment mounted on a "vehicle";
- (f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (g) dragline, excavation or construction equipment; or
- (h) equipment manufactured by you for sale.

- c. "Data" means information or instructions stored in digital code capable of being processed by machinery.
- d. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- e. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
- f. "One accident" means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."
- g. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- h. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston. This term does not appear elsewhere in this endorsement, but may appear in a Schedule.
- i. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

B. The Building and Personal Property Coverage Form is modified as follows. The definitions stated above also apply to section B. of this endorsement.

1. DEDUCTIBLE

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in a Schedule. If a separate Equipment Breakdown deductible is shown, the following applies. Only as regards Equipment Breakdown Coverage, provision D. DEDUCTIBLE is deleted and replaced with the following:

a. Deductibles for Each Coverage

- (1) Unless the Schedule indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one accident."
- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (3) If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident," only the highest deductible for each coverage will apply.

b. Direct and Indirect Coverages

- (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Schedule.
- (2) Unless more specifically indicated in the Schedule:
 - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

c. Application of Deductibles

(1) Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable Deductible shown in the Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

(2) Time Deductible

If a time deductible is shown in the Schedule, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident." If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

(3) Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the period of restoration. The number indicated in the Schedule will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

(4) Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

2. CONDITIONS

The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form and the Common Policy Conditions.

a. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment." This can be done by mailing or delivering a written notice of suspension to:

- (1) your last known address; or
- (2) the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment." If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

b. Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident," we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced. However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

c. Coinsurance

If a coinsurance percentage is shown in a Schedule for specified coverages, the following condition applies. We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

The most we will pay for loss, damage or expense under this endorsement arising from any "one accident" is the applicable Limit of Insurance in the Declarations unless otherwise shown in a Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

ELECTRONIC DATA PROCESSING ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that The Terrorism Property Policy, LX9498 (12/01) is amended as follows:

Coverages, 2. Property Covered, is amended to include the following:

ELECTRONIC DATA PROCESSING EQUIPMENT AND MEDIA being:

- (1) Electronic Data Processing Equipment shall mean electronic data processing systems including keyboards, display screens, terminals, printers and related peripheral equipment;
- (2) Electronic Data Processing Media shall mean magnetic tapes, compact discs, diskettes, disk packs, cards or other standardized data recording materials which can be read by electronic data processing equipment;

Conditions, 1. Valuation is amended to include the following:

- (1) Electronic Data Processing Equipment: The actual cost to repair or replace the lost or damaged property with new property of the same kind, quality and capability, on the same site and used for the same purpose.
- (2) Electronic Data Processing Media: The actual cost to repair or replace the property with other property of like kind and quality.

All other terms, conditions, definitions, exclusions, limitations and provisions of the Policy remain the same.

Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

COMBINED PROPERTY/BOILER & MACHINERY MILLENNIUM ENDORSEMENT

This policy is hereby amended as follows:

- A. The Insurer will not pay for Damage or Consequential Loss directly or indirectly caused by, consisting of, or arising from, the failure of any computer, data processing equipment, media microchip, operating systems, microprocessors (computer chip), integrated circuit or similar device, or any computer software, whether the property of the Insured or not, and whether occurring before, during or after the year 2000 that results from the inability to:
1. correctly recognize any date as its true calendar date;
 2. capture, save, or retain, and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date other than its true calendar date; and/or
 3. capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.
- B. It is further understood that the Insurer will not pay for the repair or modification of any part of an electronic data processing system or its related equipment, to correct deficiencies or features of logic or operation.
- C. It is further understood that the Insurer will not pay for Damage or Consequential Loss arising from the failure, inadequacy, or malfunction of any advice, consultation, design, evaluation, inspection, installation, maintenance, repair or supervision done by the Insured or for the Insured or by or for others to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in A. above.

Such Damage or Consequential Loss described in A, B, or C above, is excluded regardless of any other cause that contributed concurrently or in any other sequence.

This endorsement shall not exclude subsequent Damage or Consequential Loss, not otherwise excluded, which itself results from a Defined Peril. Defined Peril shall mean fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, hurricane, cyclone, riot, strike, civil commotion, vandalism, malicious mischief, earthquake, volcano, tsunami, freeze or weight of snow, sudden and accidental breakdown of an object, including mechanical and electrical breakdown.

All other terms, conditions and exclusions of this policy remain unchanged.

ENDORSEMENT #006

DEMOLITION AND INCREASED COST OF CONSTRUCTION

If at the time of any physical loss or damage insured against by this Policy there is in force any law or ordinance regulating the construction, repair, replacement or use of buildings or structures then this Policy shall cover as a result of enforcement of such law or ordinance as a direct result of such loss or damage:

- a) the additional loss sustained in demolishing any physically undamaged portion of the buildings or structures;
- b) the cost incurred in actually rebuilding both the physically damaged and demolished portions of such buildings or structures with materials and in a manner to satisfy such law or ordinance.

The total liability hereunder shall not exceed the actual expenditure incurred in demolishing the physically undamaged portion of the building(s) or structure(s) involved plus the lesser of the following:

- a) the actual expenditure incurred, not including the cost of land, in rebuilding on another site, or
- b) the cost of rebuilding on the same site.

This Policy shall not be liable for any cost of demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating any form of contamination including but not limited to pollution.

Payment made hereunder shall be subject to the Sublimit of Liability, if any, specified elsewhere in this Policy.

ENDORSEMENT #007

FINE ARTS

Coverage is extended to insure Fine Arts being paintings, etchings, pictures, tapestries, and other bona fide works of art (such as statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass and bric-a-brac) of rarity, historical value or artistic merit.

It is agreed that Fine Arts shall include unspecified Fine Arts. However, if such property cannot be replaced with other of like kind and quality then such property will not be considered unspecified and must be specifically declared and described in order to be covered under this extension of coverage.

In the event of loss or damage covered under this endorsement the liability of this Company shall not exceed the lesser of:

- a) the cost to repair or restore the article to the condition that existed immediately prior to the loss; or
- b) the cost to replace the article, or
- c) the value designated for the article on the Schedule of Fine Arts.

In the event of loss or damage by a peril insured against to any article or articles of fine arts which are a part of a pair or set, the measure of loss or damage to such article or articles shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss to the pair or set.

Payment made hereunder shall be subject to the Sublimit of Liability, if any, specified elsewhere in this Policy.

ENDORSEMENT #008

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP(CAT)

By: LEXINGTON INSURANCE COMPANY

UNINTENTIONAL ERRORS AND OMISSIONS

IT IS AGREED THAT FAILURE OF THE INSURED TO DISCLOSE ALL HAZARDS EXISTING AS OF THE EFFECTIVE DATE OF THE POLICY SHALL NOT PREJUDICE THE INSURED WITH RESPECT TO THE COVERAGE AFFORDED BY THIS POLICY PROVIDED SUCH FAILURE OR ANY OMISSION IS NOT INTENTIONAL.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

**Authorized Representative OR
Countersignature (In states where applicable)**

**LEXDOC021(Ed.12/87)
LX0404**

INSURED'S COPY

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

- A. If a Covered Cause of Loss occurs to covered Building property, we will pay:
1. For loss or damage caused by enforcement of any ordinance or law that:
 - a. Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
 - b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - c. Is in force at the time of loss.
 2. The increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance law.
 3. The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of the building, zoning or land use ordinance or law.
- B. However, we will not pay under this endorsement for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- C. We will not pay for increased construction costs under this endorsement:
1. Until the property is actually repaired or replaced at the same premises or elsewhere; and
 2. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 years.
- D. We will not pay more:
1. If the property is repaired or replaced on the same premises, than the amount you actually spend to:
 - a. Demolish and clear the site; and
 - b. Repair, rebuild or construct the property but not for more than property of the same height, floor area and style on the same premises.

2. If the property is not repaired or replaced on the same premises, than:
 - a. The amount you actually spend to demolish and clear the site of the described premises; and
 - b. The cost to replace, on the same premises, the damaged or destroyed property with other property:
 - 1) Of comparable material and quality;
 - 2) Of the same height, floor area and style; and
 - 3) Used for the same purposes.
 3. For all loss or damage in any occurrence than the Limit of Insurance applicable to the covered Building property.
- E. The terms of this endorsement apply separately to each building to which the endorsement applies.

ENDORSEMENT

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

**ENDORSEMENT
EXTENDED PERIOD OF INDEMNITY**

In consideration of the premium charged, it is agreed that this policy is extended to cover actual loss sustained as a result of a covered Business Interruption, Extra Expense or Rental Value loss that:

1. Begins on the date property is actually repaired, rebuilt or replaced and "operations" are resumed; and
2. Ends on the earlier of:
 - (i) the date operations, with due diligence are restored to the condition that would have existed had no direct physical loss or damage occurred; or
 - (ii) 180 consecutive days after the date the property is actually repaired, rebuilt or replaced and "operations" are resumed.

"Operations" means:

- (a) business activities of the insured, occurring at the covered premise(s); or
- (b) the tenantability of a covered premise(s) where Rental Value applies.

Coverage under this endorsement is within, and does not increase, the Sublimits of Liability for Business Interruption, Extra Expense and/or Rental Value as stated within the Policy to which this endorsement is attached, nor the Limits of Liability as stated within the Policy to which this endorsement is attached.

All other terms, conditions, definitions, exclusions, limitations and provisions remain the same.

Authorized Representative OR
Countersignature (In states where applicable)

**BUSINESS INCOME COVERAGE FORM
(AND EXTRA EXPENSE)**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G - DEFINITIONS.

A. COVERAGE

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss of or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within one hundred (100) feet, caused by or resulting from any Covered Cause of Loss.

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

2. Covered Causes Of Loss.

See applicable Causes of Loss Form as shown in the Declarations.

3. Additional Coverages

a. Extra Expense.

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

1) We will pay any Extra Expense to avoid or minimize the suspension of business and to continue "operations":

- a) At the described premises; or
- b) At replacement premises or at temporary locations, including:
 - i) Relocation expenses; and
 - ii) Costs to equip and operate the replacement or temporary locations.

2) We will pay any Extra Expense to minimize the suspension of business if you cannot continue "operations."

3) We will pay any Extra Expense to:

- a) Repair or replace any property; or
- b) Research, replace or restore the lost information on damaged valuable papers and records; to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

b. Civil Authority. We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. This coverage will apply for a period of up to two consecutive weeks from the date of that action.

- c. Alterations and New Buildings. We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- 1) New buildings or structures, whether complete or under construction;
- 2) Alterations or additions to existing buildings or structures; and
- 3) Machinery, equipment, supplies or building materials located on or within one hundred (100) feet of the described premises and:
 - a) Used in the construction, alterations or additions; or
 - b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operation," the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

- d. Extended Business Income. We will pay for the actual loss of Business Income you incur during the period that:

- 1) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- 2) Ends on the earlier of:
 - a) The date you could restore your business, with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or
 - b) Thirty (30) consecutive days after the date determined in (1) above.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

4. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is 10% of the Limit of Insurance for Business Income shown in the Declarations, but not more than \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - 1) This policy expires;
 - 2) Thirty (30) days expire after you acquire or begin to construct the property; or
 - 3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

B. EXCLUSIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

D. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

You must see that the following are done in the event of loss:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- e. Permit us to inspect the property and records proving the loss.
Also permit us to take samples of damaged property for inspection, testing and analysis.
- f. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

- g. Send us a signed, sworn statement of loss containing the information we request to investigate the claim. You must do this within sixty (60) days after our request. We will supply you with the necessary forms.
- h. Cooperate with us in the investigation or settlement of the claim.
- i. Resume all or part of your "operations" as quickly as possible.

3. Limitation - Electronic Media And Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. Sixty (60) consecutive days from the date of direct physical loss or damage; or
- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- 1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- 2) Data stored on such media; or
- 3) Programming records used for electronic data processing or electronically controlled equipment.

This limitation does not apply to Extra Expense.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 - September 1. Loss during the period September 2 - October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (sixty (60) consecutive days). Loss during the period September 30 - October 15 is not covered.

4. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - 1) The Net Income of the business before the direct physical loss or damage occurred;
 - 2) The likely Net Income of the business if no loss or damage occurred;
 - 3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - 4) Other relevant sources of information, including:
 - a) Your financial records and accounting procedures;
 - b) Bills, invoices and other vouchers; and
 - c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:

- 1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - a) The salvage value that remains of any property bought for temporary use during the "period of restoration," once "operations" are resumed; and
 - b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms conditions and provisions as this insurance; and
- 2) All necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

5. Loss Payment

We will pay for covered loss with thirty (30) days after we receive the sworn statement of loss, if:

- a. You have complied with all of the terms of this Coverage Part; and
- b.
 - 1) We have reached agreement with you on the amount of loss; or
 - 2) An appraisal award has been made.

6. Resumption Of Operations

We will reduce the amount of your:

- a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations," whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

E. ADDITIONAL CONDITION

Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any loss if the Limit of Insurance for Business Income is less than:

- a. The Coinsurance percentage shown for Business Income in the Declarations; times
- b. The sum of:
 - 1) The Net Income (Net Profit or Loss before income taxes), and
 - 2) All operating expenses, including payroll expenses,that would have been earned (had no loss occurred) by your "operations" at the described premises for the twelve (12) months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

1. Multiply the Net Income and operating expense for the twelve (12) months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
2. Divide the Limit of Insurance for the described premises by the figure determined in Step 1; and
3. Multiply the total amount of the covered loss by the figure determined in Step 2.

The amount determined Step 3 is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No 1 (Underinsurance):

When: The Net Income and operating expenses for the twelve (12) months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$400,000.
 The Coinsurance percentage is 50%
 The Limit of Insurance is \$150,000
 The amount of loss is \$80,000

Step 1: $\$400,000 \times 50\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step 2: $\$150,000$ divided by $\$200,000 = .75$

Step 3: $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the twelve (12) months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$400,000
 The Coinsurance percentage is 50%
 The Limit of Insurance is \$200,000
 The amount of loss is \$80,000

Step 1: $\$400,000 \times 50\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step 2: $\$200,000$ divided by $\$200,000 = 1.00$

Step 3: $\$80,000 \times 1.00 = \$80,000$

We will cover the \$80,000 loss. No penalty applies.

This condition does not apply to the Extra Expense Additional Coverage.

F. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income is the lesser of:
 - 1) The amount of loss sustained during the one hundred and twenty (120) days immediately following the direct physical loss or damage; or
 - 2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of thirty (30) consecutive days after the direct physical loss or damage is:
 - 1) The Limit of Insurance, multiplied by
 - 2) The fraction shown in the Declarations for this Optional Coverage.

Example:

When: The Limit of Insurance is \$120,000

The fraction shown in the
Declarations for this Optional
Coverage is

1/4

The most we will pay for loss in each period of thirty (30) consecutive days is:

$$\$120,000 \times 1/4 = \$30,000$$

If, in this example, the actual amount of loss is:

Days 1-30	\$40,000
Days 31-60	20,000
Days 61-90	30,000
	\$90,000

We will pay:

Days 1-30	\$30,000
Days 31-60	20,000
Days 61-90	30,000
	\$80,000

The remaining \$10,000 is not covered.

3. Agreed Value

a. To activate this Optional Coverage:

- 1) A Business Income Report/Work Sheet must be made a part of this policy and must show financial data for your "operations":
 - a) During the twelve (12) months prior to the date of the Work Sheet; and
 - b) Estimated for the twelve (12) months immediately following the inception of this Optional Coverage.
- 2) An Agreed Value must be shown in the Declarations or on the Work Sheet. The Agreed Value should be at least equal to:
 - a) The Coinsurance percentage shown in the Declarations; multiplied by
 - b) The amount of Net Income and Operating Expenses for the following twelve (12) months you report on the Work Sheet.

b. The Additional Condition, Coinsurance, is suspended until:

- 1) Twelve (12) months after the effective date of this Optional Coverage; or
- 2) The expiration date of this policy;

whichever occurs first.

c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- 1) Within twelve (12) months of the effective date of this Optional Coverage; or
- 2) When you request a change in your Business Income Limit of Insurance.

- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- 1) The Business Income Limit of Insurance; divided by
- 2) The Agreed Value.

Example:

When: The Limit of Insurance is \$100,000
 The Agreed Value is \$200,000
 The amount of loss is \$80,000

Step (a): \$100,000 divided by \$200,000 = .50

Step (b): .50 x \$80,000 = \$40,000

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under paragraph A.3.d., Extended Business Income, the number "30" in subparagraph (2) (b) is replaced by the number shown in the Declarations for this Optional Coverage.

G. DEFINITIONS

1. "Finished Stock": means stock you have manufactured.

"Finished stock": also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means your business activities occurring at the described premises.
3. "Period of Restoration" means the period of time that:

- a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
- b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration": does not include any increased period required due to the enforcement of any ordinance or law that:

- 1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- 2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

The expiration date of this policy will not cut short the "period of restoration."

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

ENDORSEMENT # 001

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

THE FOLLOWING SUB-LIMITS ARE PART OF AND NOT IN ADDITION TO THE
POLICY LIMIT OF LIABILITY;

\$10,000,000	PER OCCURRENCE AND ANNUAL AGGREGATE AS RESPECTS FLOOD
\$10,000,000	PER OCCURRENCE AND ANNUAL AGGREGATE AS RESPECTS EARTHQUAKE
\$10,000,000	PER OCCURRENCE LAW & ORDINANCE
\$10,000,000	PER OCCURRENCE NEWLY ACQUIRED LOCATIONS
\$25,000,000	PER OCCURRENCE AS RESPECTS EQUIPMENT BREAKDOWN
\$ 2,500,000	PER OCCURRENCE ERRORS & OMISSIONS
\$ 100,000	FIRE BRIGADE CHARGES & EXTINGUISHING EXPENSE
\$ 1,000,000	DEBRIS REMOVAL
\$ 100,000	EXTRA EXPENSE
\$ 100,000	EDP (INCLUDING MEDIA)
\$ 100,000	VALUABLE PAPERS
\$ 100,000	ACCOUNTS RECEIVABLE
\$ 100,000	FINE ARTS
\$ 15,000	MOLD DAMAGE RESULTING FROM NAMED PERILS
\$ 5,000	PER LOCATION EVACUATION EXPENSE SUBJECT TO CIVIL AUTHORITY TRIGGER.

A SUBLIMIT OF \$10,000,000 OR 25% OF TOTAL INSURABLE VALUES AT A
COVERED LOCATION WHICHEVER IS LESS SHALL APPLY TO DEMOLITION
& INCREASED COST OF CONSTRUCTION (DICC).

ENDORSEMENT # 002

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

DEDUCTIBLE: \$250,000, PER OCCURRENCE WITH ANNUAL AGGREGATE OF \$1,000,000 AND A MAINTENANCE DEDUCTIBLE AS FOLLOWS IF ANNUAL AGGREGATE IS EXCEEDED:

ALL OTHER PERILS - \$10,000, EXCEPT
WIND/HAIL/HURRICANE - \$10,000 PER LOCATION, PER OCCURRENCE,
EXCEPT...

AS RESPECTS WIND/HAIL/HURRICANE ATTRIBUTABLE TO NAMED STORMS ONLY, 3% OF TIV AT EACH BUILDING INVOLVED IN LOSS OR DAMAGE, SUBJECT TO A MINIMUM OF \$100,000 ANY ONE OCCURRENCE FOR LOCATIONS IN FLORIDA AND OTHER TIER I COUNTIES INCLUDING HARRIS COUNTY. WIND/HAIL/HURRICANE LOSSES ATTRIBUTABLE TO NAMED STORMS DO NOT ERODE THE ANNUAL AGGREGATE STATED ABOVE.

FLOOD:
5% OF TIV AT EACH LOCATION INVOLVED IN LOSS OR DAMAGE,
SUBJECT TO A MINIMUM OF \$50,000 ANY ONE OCCURRENCE.

5% OF TIV AT EACH LOCATION INVOLVED IN LOSS OR DAMAGE,
SUBJECT TO A MINIMUM OF \$100,000 ANY ONE OCCURRENCE FOR
NAMED STORMS (A STORM THAT HAS BEEN DECLARED BY THE
NATIONAL WEATHER SERVICE TO BE A HURRICANE, TYPHOON,
TROPICAL CYCLONE OR TROPICAL STORM).

EARTHQUAKE:
\$50,000., PER OCCURRENCE.

LEXDOC021
LX0404

Authorized Representative OR
Countersignature (In states where applicable)
INSURED'S COPY

ENDORSEMENT # 003

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

**VALUATION: REPLACEMENT COST FOR REAL & PERSONAL PROPERTY.
ACTUAL LOSS SUSTAINED FOR TIME ELEMENT.
NIL% COINSURANCE APPLIES.**

LEXDOC021
LX0404

**Authorized Representative OR
Countersignature (In states where applicable)**
INSURED'S COPY

ENDORSEMENT # 004

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

EXCLUSIONS

EARTHQUAKE IS EXCLUDED FOR LOCATIONS IN CALIFORNIA, NEW MADRID LOCATIONS, HAWAII, ALASKA, PACIFIC NORTHWEST, AND PUERTO RICO

FLOOD IS EXCLUDED AT LOCATIONS WHOLLY OR PARTIALLY WITHIN SPECIAL FLOOD HAZARD AREAS (SFHA), AREAS OF 100-YEAR FLOODING, AS DEFINED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY. THIS EXCLUDES FLOOD ZONES A, B, V, X500

LEXDOC021
LX0404

Authorized Representative OR
Countersignature (In states where applicable)
INSURED'S COPY

ENDORSEMENT # 005

This endorsement, effective 12:01 AM 03/31/2008

Forms a part of policy no.: 3258064

Issued to: NATIONS ASSET MANAGEMENT LP (CAT)

By: LEXINGTON INSURANCE COMPANY

BROAD FORM NAMED INSURED ENDORSEMENT

THE NAMED INSURED IS EXTENDED TO INCLUDE ANY AND ALL OWNERS, SUBSIDIARIES, AFFILIATES, ASSOCIATES, OWNED OR CONTROLLED CORPORATIONS, COMPANIES, PARTNERSHIPS, ENTITIES, AND THE NAMED INSURED INTEREST IN ANY JOINT VENTURES (AS MAY NOW BE CONSTITUTED OR HEREAFTER FORMED OR ACQUIRED BY THE PRINCIPALS OR OWNERS) OF THE PROPERTY SCHEDULED UNDER THIS POLICY.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

LEXDOC021
LX0404

Authorized Representative OR
Countersignature (In states where applicable)
INSURED'S COPY

IRONSHORE INSURANCE COMPANY
Swan Building, 26 Victoria Street, Hamilton HM12,
Bermuda
(hereinafter called the Company)

Attention: Stephen Dean, Kitson Brokerage Services Ltd. Bermuda

COMMERCIAL PROPERTY BINDER – Dated April 8, 2008

Named Insured: Nations Asset Management, LP (CAT) and subsidiaries/other Parties as described more fully in the underlying wording

Address: P.O. Box 25243, Dallas, Texas 75225-5243

Policy Wording: Follow form of the Lex underlying policy excluding flood and quake

Insured Interest: Real and Personal Property, Business Interruption as more fully defined in the Schedule of values provided to the Company with proposal details

TIV: \$1,314,041,627 (Buildings/B&M/BI/EE per schedule of values supplied with proposal details)

Value/Coinsurance: Replacement cost on Property Damage; actual sustained loss on TE

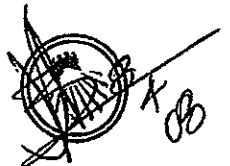
Policy Period: From April 1st 2008 to April 1st 2009
12.01am at the location of the property involved

Perils Insured: "All Risks" of direct physical loss or damage, as well as Business Interruption/Extra Expense but excluding Earthquake and Flood

Deductibles: Underlying limits of liability, plus primary Wind/Hail/Hurricane (attributable to Named Storm only) deductible of 3% of TIV of each building (including contents & T/E) involved in loss or damage (subject to a minimum of \$100,000 for Florida, Harris County and other Tier one counties). \$10,000 deductible all other perils.

Limits authorized: \$25,000,000 p/o \$50,000,000 x/s \$50,000,000 per Occurrence

Commission: 20%

A handwritten signature and initials, possibly "J. Dean" and "OB", are written in the bottom right corner of the document.

Annual Premium (incl. TRIA): \$164,254 Ironshore premium being 50% share of \$328,508 GLP and subject quarterly adjustments

Special Terms and Conditions:

1. Warranted that this quotation is based upon the information provided at the time of quoting. Any material change must be advised to the Company immediately and may result in changes to this quote.
2. 45 day PPC 5 TOR 4/86
3. As expiring quarterly adjustments of premium based on quarterly reporting of values
4. IPT/FET/State Premium/Surplus Lines Tax Clause to apply
5. LMA 5019 Asbestos Endorsement
6. NMA2915 Electronic data Endorsement
7. NMA2962 Biological or Chemical Materials Exclusion Clause
8. LMA 5018 Microorganism exclusion (Absolute)
9. NMA2340/2560 (US/International) in respect of Seepage and Pollution
10. NMA2802 Electronic Date Recognition Exclusion
11. NMA2918/9 War and Terror Exclusion Endorsement
12. Line to stand
13. London Arbitration, State of New York Law Clause
14. Warranted best terms
15. Minimum Earned Premium for hurricane exposed risks: 50% at inception
16. 120 days cancellation clause except 10 days for non-payment of premium

506 IRONSHORE
0011830801001
Line To Stand - 30 days PPCS TOR 4/86
All Amendments To Be Agreed By Ironshore

